



RAPORT ANUAL  
ANNUAL REPORT  
2016

# Mesajul Comitetului de Conducere

## Message by the Management Board



### **Stimate doamne, stimați domni,**

Pentru BC Moldova Agroindbank SA, anul 2016 a fost unul cu adevărat memorabil: am marcat 25 de ani de activitate intensă și fructuoasă pe piața Republicii Moldova, fiind supuși, în același timp, unor teste fără precedent, cărora le-am făcut față cu succes, fără a încetini ritmul de creștere și modernizare al băncii. Fără îndoială, rezultatele Moldova Agroindbank se datorează atât deciziilor strategice luate acum câțiva ani în urmă, cât și deciziilor operaționale și acțiunilor eficiente întreprinse pe parcursul anului. Un element cheie al succesului afacerii pe care o desfășurăm îl reprezintă guvernanta corporativă, care promovează corectitudinea, transparența și responsabilitatea la nivel de bancă și societate.

Dăruirea și perseverența întregii echipe ne va permite și în continuare să facem față noilor provocări, să depășim dificultățile și să ne dezvoltăm în beneficiul tuturor clienților, partenerilor și acționarilor.

Înțelegem că ne așteaptă o mulțime de provocări, iar viitorul BC Moldova Agroindbank SA depinde de abilitatea de reformare prin implementarea inovațiilor și menținerea unui dialog deschis la toate nivelurile instituționale. Prin urmare, vom continua să investim în dezvoltarea competențelor și abilităților întregii noastre echipe pentru un viitor prosper.

Comitetul de Conducere al Băncii adresează mulțumiri clienților, partenerilor, acționarilor și, nu în ultimul rând, angajaților pentru fidelitatea de care au dat dovadă pe parcursul anilor.

Cu respect,

Comitetul de Conducere  
al BC Moldova Agroindbank SA

### **Ladies and Gentlemen,**

The year 2016 was among the most memorable ones for BC Moldova Agroindbank SA: the bank celebrated its 25<sup>th</sup> anniversary of intense and productive activity, being at the same time subject to unprecedented tests with which it coped successfully without slowing down its growth and modernization pace. It goes without saying that the bank owes its results to the strategic decisions taken a few years ago, as well as to its operational decisions and actions taken over the past year. Corporate governance is a key element of our business, as it promotes correctness, transparency and responsibility both within the bank and society.

The dedication and perseverance of our entire team will further allow us to handle new challenges, overcome difficulties and develop for the benefit of all customers, partners and shareholders.

We are aware that a lot of challenges are yet to come and that Moldova Agroindbank's future depends on its ability to implement reforms and innovations, as well as to maintain an open dialogue at all institutional levels. Hence, to ensure a prosperous future, we will further invest in building the competencies and abilities of our team.

The Management Board of Moldova Agroindbank is highly grateful to its customers, partners, shareholders and, last but not least, its employees, for their loyalty over the years.

Sincerely,

Management Board  
of BC Moldova Agroindbank



RAPORT ANUAL | ANNUAL REPORT | **2016**

# Indicatorii Financiarai ai băncii (Grupului)

(În baza Situațiilor Financiare Consolidate pentru exercițiul încheiat la 31 decembrie 2016 întocmite conform Standardelor Internaționale de raportare Financiară)

## Financial Ratios of the bank (Group)

(Based on the Consolidated Financial Statements for the fiscal year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards)

| Indicatori<br>Ratios  | Unitatea de<br>măsură<br>Unit of measure | 31.12.2016        | 31.12.2015 |
|---|--|-------------------|------------|
| Total active<br>Total assets  | mii MDL<br>MDL thousand                  | <b>19,865,076</b> | 18,449,372 |
| Total capital propriu<br>Total equity   | mii MDL<br>MDL thousand                  | <b>3,262,340</b>  | 2,959,279  |
| Profit net al exercițiului financiar<br>Net profit for the year                   | mii MDL<br>MDL thousand                  | <b>407,238</b>    | 384,759    |
| Rentabilitatea activelor (după impozitare)<br>ROA (after tax)                     | %  | <b>2.1</b>        | 2.3        |
| Rentabilitatea capitalului (după impozitare)<br>ROE (after tax)                   | %  | <b>13.1</b>       | 13.9       |
| Credite acordate clienților<br>Loans to customers                                 | mii MDL<br>MDL thousand                  | <b>9,652,416</b>  | 10,329,059 |
| Creanțe aferente leasing-ului<br>Lease receivables                                | mii MDL<br>MDL thousand                  | <b>172,518</b>    | 263,934    |
| Active financiare disponibile pentru vânzare<br>Financial assets held for trading | mii MDL<br>MDL thousand                  | <b>174,095</b>    | 153,769    |
| Active financiare păstrate până la scadență<br>Financial assets held to maturity  | mii MDL<br>MDL thousand                  | <b>2,104,017</b>  | 688,879    |
| Datorii către clienți<br>Due to customers   | mii MDL<br>MDL thousand                  | <b>15,412,375</b> | 14,044,541 |
| inclusiv persoane fizice<br>including individuals                                 | mii MDL<br>MDL thousand                  | <b>11,413,642</b> | 10,602,890 |

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# Mesajul Președintelui Consiliului Băncii

## Message by the Chairman of the Bank's Council

### Doamnelor și domnilor,

Activând în condiții macroeconomice dificile, sistemul bancar al Republicii Moldova a înregistrat, în anul 2016, tendințe de dezvoltare, confirmând stabilitatea și capacitatea de a finanța în continuare economia țării.

Astăzi, putem afirma cu certitudine că BC Moldova Agroindbank SA a reușit să treacă cu succes testul de rezistență și să demonstreze o performanță financiară puternică. Acest fapt, în primul rând, se datorează managementului superior și tuturor angajaților băncii, care au dat dovadă de perseverență și tenacitate, menținând poziția de lider al MAIB în sectorul financiar-bancar.

În numele acționarilor, remarc cu satisfacție că strategiile și conceptele elaborate pentru anul trecut au fost transpuse în practică, performanțele fiind punctul forte care caracterizează activitatea băncii pentru această perioadă.

Totodată, trebuie să remarc că Moldova Agroindbank permanent îmbunătățește și modernizează serviciile prestate, consolidându-și statutul de bancă orientată spre clienți.

Consiliul băncii acordă și o atenție sporită transparenței activității sale și îmbunătățirii sistemului de management corporativ, realizând importanța acestor acțiuni, nu numai pentru dezvoltarea unei afaceri de succes, dar, de asemenea, pentru consolidarea încrederii clienților și partenerilor în BC Moldova Agroindbank SA.

Cu stimă,

Victor Miculeț,  
Președintele Consiliului Băncii

### Ladies and Gentlemen,

Despite difficult macroeconomic conditions, Moldova's banking system has managed to develop and confirm its capacity to further finance the national economy.

Today, we can assert without doubt that BC Moldova Agroindbank SA has successfully passed a difficult stress test and displayed strong financial performance. This is primarily due to the top management and employees of the bank, who were perseverant and tenacious enough to maintain MAIB's leading position in the financial-banking sector.

On behalf of the shareholders, I am satisfied to acknowledge that the strategies and concepts for 2016 were fully implemented, and performances achieved are the strong point of the bank's activity over this period of time.

It is also worth pointing out that Moldova Agroindbank continuously improves and upgrades its services, taking efforts to consolidate its status of customer-oriented bank.

The Bank's Council pays increased attention to the transparency of the bank's activity and optimization of the corporate management system, as it is aware of the importance of such actions for the development of successful business and for strengthening the confidence of customers and partners in Moldova Agroindbank.

Sincerely,

Victor Miculeț,  
Chairman of the Bank's Council



# Mesajul Președintelui Comitetului de Conducere al Băncii

## Message by the Chairman of the Management Board

### **Stimați Domni, Doamne,**

Anul 2016 a avut o semnificație aparte pentru BC Moldova Agroindbank SA, dar și pentru sectorul bancar, în general.

Moldova Agroindbank a celebrat 25 de ani de activitate și dezvoltare în condițiile economiei de piață, ca și sistemul bancar al țării. Aniversarea a coincis cu reforma profundă și dureroasă, pe alocuri, a sistemului bancar, care deși a fost lansată într-o perioadă de criză economică, este foarte importantă pentru asigurarea stabilității sistemului bancar al țării și pentru restabilirea încrederii și imaginii pozitive.

În aceste condiții, echipa MAIB și-a consolidat la maxim eforturile pentru a face față tuturor provocărilor și testelor la care a fost supusă, precum și pentru a implementa cu succes planul de afaceri al băncii. Astfel, au fost întreprinse acțiuni ferme din partea conducerii, susținute de eforturile duble ale tuturor angajaților Moldova Agroindbank, de receptivitatea membrilor Consiliului Băncii și a tuturor acționarilor, clienților și partenerilor.

Atenția sporită din partea autorităților de supraveghere și control, la care a fost supusă banca în această perioadă, nu a făcut decât să demonstreze că MAIB este o instituție cu gestiune managerială de înaltă calitate și activitate operațională curată, cu situație financiară stabilă și durabilă, cu o bază solidă, care poate face față oricăror dificultăți.

În același timp, pe interior, au fost întreprinse acțiuni pentru a spori și mai mult cadrul de guvernare corporativă, managementul riscurilor și eficiența operațională, precum și controlul intern în vederea prevenirii și contracarării eventualelor amenințări pentru securitatea afacerii.

Pentru a-și îndeplini onorabil funcția de bază - susținerea dezvoltării sectorului de afaceri - Moldova Agroindbank a modificat modelul de business, punând accentul pe un nivel foarte înalt de profesionalism în întreaga sa structură.

Această abordare a asigurat aprofundarea proceselor de dezvoltare a băncii: modernizarea continuă a rețelei fizice, dezvoltarea și consolidarea rețelei de carduri, dar și a bazei tehnologice, ceea ce i-a permis să-și mențină statutul de cea mai tehnologizată și inovativă bancă din Republica Moldova.

### **Ladies and Gentlemen,**

The year 2016 was of special importance for both BC Moldova Agroindbank SA and the banking sector as a whole.

MAIB marked its 25th anniversary of development within the market economy system. The anniversary coincided with a deep and, at times, painful reform of the banking system, which in spite of being launched during a time of economic crisis, is very important for ensuring the system's stability, restoring confidence in it and winning back its positive image.

Under these circumstances, the bank's team has made tremendous efforts to handle the multiple challenges and get through the tests it was subject to, as well as to make sure that the bank's business plan is implemented successfully. Thus, the leadership of the bank took decisive actions, which were backed by the sustained efforts of all employees, responsiveness of the members of the Bank's Council, along with the support of all shareholders, customers and partners.

The increased attention from supervisory and control authorities has only confirmed the bank's highly qualitative management system, accurate and transparent operations, which, along with a steady and sustainable financial situation, based on a solid foundation, are able to successfully cope with any difficulties.

At the same time, a number of actions have been taken within the bank to strengthen even more the corporate governance framework, risk management and operational efficiency, as well as internal control in order to prevent and counteract potential threats to business security.

To accomplish its core function - supporting the development of the business environment - Moldova Agroindbank has amended its business model, putting emphasis on a very high level of professionalism within its entire network.

Such an approach allowed enhancing the bank's development processes: continuous modernization of its physical network, development and consolidation of its card network, as well as its technological basis. All these helped MAIB maintain its status of the most high-tech and innovative bank in Moldova.





*Sediul Primăriei Municipiului Chișinău. începutul sec.XX. Arhitect A. Bernardazzi*  
*Headquarters of Chisinau City Hall. Late 20th century. Architect A. Bernardazzi.*

Eforturile întregii echipe s-au materializat în rezultate pe măsură, care au consolidat poziția MAIB de bancă sistemică și lider al pieței bancare. Astfel, peste 700 mii de moldoveni sunt, în prezent, clienți ai MAIB. În pofda situației tensionate atât în sectorul financiar-bancar cât și în cel economic, Moldova Agroindbank și-a sporit cotele de piață la cei mai importanți indicatori, atingând o cotă de 27.1% la active, 28.1% la depozite, 30.5% la credite. Este important de menționat și calitatea portofoliului de credite al MAIB, creditele neperformante, care la 31 decembrie trecut, au atins o pondere de 12.15%, fiind mai mică decât media înregistrată pe sistem de 16.31%.

Rezultatele frumoase obținute într-o perioadă de criză au încununat anul aniversar 2016, în care am celebrat realizările obținute de Moldova Agroindbank pe parcursul a 25 de ani de activitate. În acest context, ne-am luat angajamentul de a trece la o nouă etapă în dezvoltarea MAIB: o bancă modernă, înalt tehnologizată, cu o eficiență sporită, cu o calitate mult mai înaltă de deservire a clienților, o bancă respectată, care-și merită din plin încrederea acordată de clienți și parteneri.

Avem certitudinea că datorită strategiei bine gândite și echilibrate de dezvoltare, echipei consolidate de profesioniști și susținerii și înțelegerii din partea acționarilor, acest obiectiv va fi realizat spre binele băncii, dar și al întregii societăți.

The efforts of the whole team strengthened MAIB's position as a systemically important bank and leader on the banking market. In this regard, more than 700,000 Moldovan citizens are currently the bank's customers. Despite the tense situation in both the financial-banking and economic sectors, Moldova Agroindbank extended its market shares for the most important ratios, reaching 27.1% in assets, 28.1% in deposits and 30.5% in loans. It is worth noting that the quality of the bank's loan portfolio has improved as well, with the non-performing loans standing at 12.15% as of 31 December 2016, whereas the average ratio per system was 16.31%.

All these giant efforts taken during a crisis period brought about great results, which crowned the year when MAIB celebrated its 25th anniversary. In this context, the leadership of the bank has committed to shift to a new development stage and to take concerted efforts to strengthen its status of modern, high-tech, increasingly efficient bank, providing high quality service to all its customers, a bank that is respected and which fully deserves the confidence and trust of its customers and partners.

We are confident that our well thought-out and balanced development strategy, as well as the efforts of our consolidated team of professionals along with the support and understanding of our shareholders, will enable us to accomplish this goal for the benefit of the bank and society as a whole.

Cu respect,

Serghei Cebotari,  
Președintele Comitetului de Conducere



Sincerely,

Serghei Cebotari,  
Chairman of the Management Board

# Conducerea băncii



SERGHEI CEBOTARI

Președintele  
Comitetului  
de Conducere

Chairman  
of the Management  
Board



OLEG PAINGU

Vicepreședinte  
al Comitetului  
de Conducere

Vice Chairman  
of the Management  
Board



MARCEL TELEUCĂ

Vicepreședinte  
al Comitetului  
de Conducere

Vice Chairman  
of the Management  
Board

# Management of the Bank



VICTOR IURAȘ

Vicepreședinte  
al Comitetului  
de Conducere

Vice Chairman  
of the Management  
Board



LEONID BEJENARI

Vicepreședinte  
al Comitetului  
de Conducere

Vice Chairman  
of the Management  
Board



EUGENIU JOSAN

Membru  
al Comitetului  
de Conducere

Member of the  
Management  
Board



VITALIE LUNGU

Director  
financiar  
al băncii

Finance  
Director

## SCRIEM ISTORIA 25 ANI!

BC Moldova Agroindbank SA a fost fondată pe 8 mai 1991. În acest timp, MAIB a pus accentul pe deschidere, credibilitate reciprocă și onestitate în relațiile cu clienții, pe calitatea produselor, serviciilor și a sistemului de deservire. La 25 de ani de activitate, Moldova Agroindbank este privită ca un pilon al sistemului bancar din Republica Moldova, lăsând amprente vizibile în evoluția acestuia și deținând pozițiile de top după volumul de active, credite și depozite ale persoanelor fizice.

### 1991 – 1996

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În anul în care Republica Moldova și-a declarat independența a fost creată banca cu numele BC Moldova Agroindbank SA, la baza căreia a stat reorganizarea Reprezentanței din Moldova a Băncii Agroindustriale a URSS. Banca obține licența pentru desfășurarea operațiilor bancare, inclusiv în valută străină. După ce în 1993 Republica Moldova a trecut la valuta națională, MAIB și-a recalculat toate activele și pasivele, pornind de la raportul 1 leu = 1.000 ruble. La acel moment, capitalul statutar constituia 9,7 mlrd. ruble. În același an, banca devine fondator al Bursei de Valori din Moldova. MAIB, fiind orientată, în special, spre businessul agroindustrial și-a lărgit gama de servicii prestate și obține dreptul de bancă universală. Moldova Agroindbank devine și membru-fondator al fondurilor de privatizare „Agrofond”, „Dividend” și al corporației „Vininvest”. Totodată, în anul 1994, banca a evaluat independent portofoliul de credite, în conformitate cu standardele bancare internaționale, efectuând primele defalcări în fondul de risc în volum de 30 mil. lei. În următorul an, MAIB a continuat evoluția în domeniul proceselor bancare prin aplicarea bilanțului zilnic, a contului corespondent unic și a poștei electronice, ceea ce permite efectuarea decontărilor în termen de o singură zi bancară. Banca a fost conectată la sistemele informaționale REUTERS și SWIFT. Moldova Agroindbank a semnat și primul acord cu BERD privind valorificarea unei linii de credit în sumă de 20 mil. dolari, destinată susținerii businessului mic și mijlociu. În anul 1996, Moldova Agroindbank deja era declarată lider în sistemul bancar din Republica Moldova după mărimea capitalului normativ, operațiile de credit și volumul total al decontărilor efectuate în interiorul țării, precum și după volumul, dar și calitatea tranzacțiilor internaționale. În cadrul băncii s-a creat „Comitetul pentru gestionarea activelor și pasivelor”.

### 1997 – 2001

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BC Moldova Agroindbank SA pune temelia dezvoltării pieței interbancare de credite din țară, devenind un participant activ al pieței investițiilor corporative. În anul 1997, banca și-a înregistrat primul logo oficial la Agenția de Stat pentru Proprietatea Intelectuală, care a reprezentat-o pe parcursul a aproape 17 ani, până la rebranding-ul din 2015. Anul 1998 a fost marcat de criza financiară, care zguduise țările CSI, însă Moldova Agroindbank reușește să înregistreze o creștere a indicatorilor financiari. Banca a început să efectueze operații forward de tipul overnight și swap cu băncile din străinătate. Au fost puse bazele structurării segmentului corporativ de clienți, iar în cadrul unui parteneriat strategic MAIB a început colaborarea cu concernul Sudzucker (Germania). Pe 5 ianuarie 1999 banca a înregistrat domeniul și site-ul oficial: [www.maib.md](http://www.maib.md). Portofoliul de credite, la acea perioadă, deținea o pondere de 30% pe întreg sistemul bancar al Republicii Moldova. Baza de clienți sporise cu 10%, atingând cifra de 84 mii de persoane fizice și juridice. În anul 2000 au fost puse bazele companiei de procesare a cardurilor bancare, fiind desfășurată activitatea de lansare a plăților prin intermediul cardului. Adunarea generală a acționarilor, în același an, confirmă BERD și Western NIS Entreprise Fund în calitate de potențiali investitori străini ai băncii, iar un an mai târziu instituțiile financiare au investit în capitalul statutar al acesteia, obținând 9.8% și, respectiv, 9.9% din acțiuni. Moldova Agroindbank obține și prima distincție de „Cea mai bună bancă din Moldova” din partea revistei „Euromoney”. Totodată, banca desfășoară o intensă activitate de caritate, ceea ce în condițiile unei țări în curs de dezvoltare, a jucat un rol social important.

## 25 YEARS OF DIGNIFIED HISTORY!

*BC Moldova Agroindbank SA was created on 8 May 1991. Since then, MAIB has laid the emphasis on openness, reliability and honesty in relations with customers, on the quality of products and services. At its 25th anniversary, MAIB is viewed as a pillar of Moldova's banking system, playing an important role in its evolution and topping the most important rankings in terms of assets, loans and private deposits.*

### 1991 – 1996

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*The bank named Moldova Agroindbank was created the year when the Republic of Moldova declared its independence. The bank was founded through reorganization on the basis of the Moldavian subsidiary of the USSR Agroindustrial Bank. The institution obtained its license for banking operations, including in foreign currency. As in 1993, the Republic of Moldova introduced its national currency, all assets and liabilities of Moldova Agroindbank were recalculated, proceeding from the ratio 1 leu= 1 000 rubles. At that moment the statutory capital of the bank was 9.7 billion rubles. The bank became a founder of the Moldovan Stock Exchange. Initially, Moldova Agroindbank was mainly focused on the sector of agricultural business. Gradually, it extended its range of services, turning into a universal bank. The bank became a founder of the privatization funds "Agrofond" and "Dividend" and of the corporation "Vininvest". The bank was for the first time audited in accordance with international accountancy standards. It started evaluating independently its loans portfolio in accordance with international banking standards, recording for the first time an allowance for loan losses of 30 mln MDL. In 1995, Moldova Agroindbank developed banking processes by putting in place a daily balance sheet, a single correspondent account and the e-mail, which allowed making settlements in a single business day. The bank was connected to the information systems REUTERS and SWIFT. MAIB signed the first agreement with the EBRD on a credit line of 20 million dollars to support small and medium-sized enterprises.*

*In 1996, Moldova Agroindbank was holding the leading position in the banking sector in terms of regulatory capital, lending operations and total amount of settlements inside the country, as well as in terms of quality of international transactions. The bank also created the Asset and Liability Committee (ALCO).*

### 1997 – 2001

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*Moldova Agroindbank laid the basis to the development of the interbank lending market in Moldova and became an active player on the market of corporate investments. It was in 1997 that Moldova Agroindbank for the first time officially registered its logo with the State Agency of Intellectual Property Protection (AGEPI), which represented it until 2015. Despite the financial crisis that badly hit the CIS states in 1998, Moldova Agroindbank managed to ensure an increase in its financial ratios. The bank launched overnight and swap forward operations with foreign banks. The bank laid the basis to its corporate segment, starting cooperation with the German concern Sudzucker within a strategic partnership. On 5 January 1999, the bank had its domain and official website [www.maib.md](http://www.maib.md) registered. MAIB's share on the loan market was 30%. The number of its customers increased by about 10%, amounting to 84,000 individuals and legal entities. In 2000, the basis for the card processing company was laid, and card payments were launched. The same year, the General Assembly of Shareholders confirmed the EBRD and Western Nis Enterprise Fund as potential foreign investors of the bank. One year later, the two institutions invested 9.8% and 9.9% in the bank's equity. The bank also won the first title of the best bank in Moldova awarded by Euromoney. Concurrently, the bank was committed to charity, which had a strong impact on the development of the country.*

## 2002 – 2006

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BC Moldova Agroindbank SA a fost prima bancă din Republica Moldova, care a înființat o companie de leasing, președinte al acesteia fiind ales vicepreședintele băncii, Serghei Cebotari. În anul 2002 a fost creat și Centrul de business, care a adoptat filosofia deservirii individuale a clienților corporativi, inclusiv atragerea depozitelor, gestionarea lichidității, operațiilor valutare etc.

Moldova Agroindbank devine membru al sistemului VISA Internațional și își extinde gama produselor în baza cardurilor bancare. În anul 2004, numărul total al clienților atinge cifra de 200 mii de persoane fizice și juridice. Baza de depozite a sporit cu 47% în comparație cu anul 2003, în primul rând pe segmentul retail, iar depozitele persoanelor juridice s-au majorat cu 60%. În următorul an, banca își concentrează eforturile asupra dezvoltării rețelelor electronice de vânzare a produselor bancare. Spre sfârșitul anului, MAIB îngloba 92 de puncte fizice de vânzare a produselor bancare și 383 de puncte electronice. În 2006, BERD și Western NIS ies din capitalul băncii, vânzându-și acțiunile.

## 2007 – 2011

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Începând cu anul 2007, persoanele fizice pot gestiona conturile de depozit în orice filială a băncii pe întreg teritoriul țării, iar în calitate de proiect-pilot este demarat serviciul Internet-Banking. Totodată, în premieră, Moldova Agroindbank lansează carduri cu cip VISA și MasterCard. Pentru prima oară pe piața bancară este aplicată soluția serviciului Cash-In cu posibilitatea de achitare a creditelor, suplimentare a conturilor curente și depozite prin terminale de plată. Se dezvoltă sistemul de deservire a clienților prin telefon, fiind create serviciile InfoCentru și InfoTel. În perioada 2007-2011, banca a încheiat mai multe acorduri de finanțare cu Fondul European pentru Europa de Sud-Est, Banca Mării Negre pentru Comerț și Dezvoltare, Corporația Financiară Internațională și BERD pentru creditarea businessului mic și mijlociu. La fel, Moldova Agroindbank a obținut dreptul de a gestiona conturile Fondului "Provocările Mileniului" în cadrul programului Compact în volum de 262 mil. dolari.

## 2012 – 2016

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Demarează proiectul "Filiala virtuală" - MAIB - Online, care a îmbinat toate serviciile oferite de bancă la distanță. Moldova Agroindbank obține statutul de membru al Asociației Europene de Business. În 2013, președinte al Comitetului de Conducere este ales Serghei Cebotari, iar banca devine unul din cei mai mari angajatori din Moldova, oferind peste 1500 de locuri de muncă. În 2014 a fost semnat acordul de parteneriat cu compania americană American Express, Moldova Agroindbank devenind reprezentant exclusiv în Moldova cu dreptul de acceptare și emitere a cardurilor bancare cu marca American Express. Banca lansează un nou produs – Bancassurance. În următorul an, MAIB își schimbă logoul și începe campania de rebranding. Moldova Agroindbank obține prin licitație dreptul de deservire a trezoreriilor teritoriale, instituțiilor vamale și începe deservirea unui nou segment de clienți – beneficiari de plăți sociale. Rețeaua fizică a băncii atinge cifra de 104 filiale și 67 de agenții, 214 bancomate, 3025 de POS - terminale, 5 centre non-stop de autoservire bancară și 37 de zone de autoservire. Banca își fortifică pozițiile, deținând cota de 26.3% la active, 28.7% - la credite, 27.8% - la depozite. În 2016, Moldova Agroindbank a lansat un proces amplu de transformare într-o bancă modernă, orientat spre optimizarea, centralizarea și automatizarea proceselor de afaceri, sporirea eficienței și calității deservirii clienților. MAIB este lider incontestabil pe piața bancară, ocupând poziția de top în clasamentul eficienței bancare. O atenție sporită a fost acordată și proiectelor de caritate, în ultimii 5 ani fiind extinsă gama acestora: "Burse de Merit" și "Burse de merit pentru tinerii din familii defavorizate". Banca sponsorizează festivalurile "Maria Bieșu", "Două inimi gemene", Comitetul Național Olimpic etc.

## 2002 – 2006

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*In 2002, Moldova Agroindbank was the first bank in Moldova to set up a leasing company, with the bank's Vice Chairman Serghei Cebotari being elected as its president. The same year, MAIB created its Business Center where corporate clients – local and foreign companies from various economic sectors – were being serviced individually. In 2003, Moldova Agroindbank became a member of VISA International and the number of card products went up.*

*In 2004, the total number of customers amounted to 200,000 individuals and legal entities. The deposits portfolio went up by 47% against 2003, mainly due to the retail segment, with private deposits increasing by 60%. The next year, the bank doubled its efforts to develop an electronic sales network. The number of POS terminals increased by 60% and the one of ATMs by 53%. In late 2005, MAIB had 92 physical points for the sale of banking products and 383 electronic points (POS and ATM). In 2006, the EBRD and Western Nis withdrew from the bank's capital, selling their shares*

## 2007 – 2011

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*Starting from 2007, individuals can open deposits at any of the bank's branches on the entire territory of the country and the Internet-Banking service was initiated as a pilot-project. In 2008, for the first time on the market, Moldova Agroindbank began issuing Visa and MasterCard chip cards and the Cash-In real-soft service was put in practice, making it possible to pay loans, refill current and deposit accounts via payment terminals. The client service system via telephone developed as InfoCentru and InfoTel services were created. In 2007-2011, the bank entered into a number of financing agreements with the European Fund for Southeast Europe, Black Sea Trade and Development Bank, International Finance Corporation and the EBRD for small and medium-sized enterprises and for the energy sector. MAIB was also authorized to manage the accounts of the Millennium Challenge Corporation Fund within the Compact Program of 262 mln dollars.*

## 2012 – 2016

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*The “Virtual Branch –MAIB Online” project was launched to combine all remote services provided by the bank, thus facilitating access to them for all categories of customers. In 2013, Serghei Cebotari was elected Chairman of the Management Board. MAIB became one of the biggest employers in Moldova, offering jobs to over 1,500 people. In 2015, MAIB signed a partnership agreement with American Express, becoming its exclusive representative in Moldova licensed to issue and acquire American-Express-branded cards. In partnership with Moldova's biggest insurance company Moldasig, MAIB launched the Bancassurance product. In 2016, MAIB changed its logo and started a rebranding campaign. Following a tender, MAIB won the right to service territorial treasuries and customs bodies. Its distribution network included 104 branches and 67 agencies. The number of employees exceeded 2,015 at the end of the year. The bank stepped up its position, holding a market share of 26.3% in assets, 28.7% in loans, 27.8% in deposits, including 30.1% in private deposits and 26.2% of all the profit earned by the banking system. In 2016 MAIB launched a large-scale project aimed at transforming the institution into a modern European bank, optimizing, centralizing and automating its business processes, enhancing its efficiency and quality of services. MAIB is an indisputable leader on the banking market, topping the banking efficiency rating. It paid increased attention to charity projects, extending their number over the past 5 years: “Merit Scholarships” “Merit Scholarships for students from less well-off families”, the festivals “Invita Maria Biesu” and “Two Twin Hearts”, the National Olympic Committee, etc.*

# REPERE 2016

## IANUARIE JANUARY

Moldova Agroindbank lansează serviciul Private Banking, adresat clienților persoane fizice cu statut social important și venituri mari.

Moldova Agroindbank launches the Private Banking service, designed for affluent individuals with high social status.

Moldova Agroindbank dezvoltă serviciile oferite la distanță și oferă noi posibilități utilizatorilor sistemului Internet Banking, care permit efectuarea plăților în valută străină.

Moldova Agroindbank develops remote services and provides Internet Banking users with new opportunities, allowing them to make foreign currency payments.

## FEBRUARIE FEBRUARY

Moldova Agroindbank lansează o Campanie promoțională în susținerea producătorilor agricoli, acordându-le credite, fără gaj, în valoare de până la 250 mii lei, pentru desfășurarea lucrărilor sezoniere.

Moldova Agroindbank launches a promotional campaign to back agricultural producers, offering collateral-free loans of up to MDL 250,000 for seasonal works.

Agencia de Rating și Evaluare EVM Group (Estimator-VM) a plasat MAIB pe primul loc în clasamentul eficienței băncilor comerciale pentru anul 2015.

MAIB tops the efficiency ranking of commercial banks in 2015, according to EVM Group (Estimator-VM) rating and evaluation agency.

## MARTIE MARCH

Cei mai buni 50 de studenți din instituțiile de învățământ superior din țară au intrat în posesia unei burse în valoare de 12 mii lei fiecare, în cadrul celui mai longeviv proiect "Burse de Merit", susținut de MAIB.

The best 50 students from Moldovan higher education institutions receive scholarships worth MDL 12,000 each, within the longest-lived project Merit Scholarships, backed by MAIB.

Moldova Agroindbank este recunoscută, de către prestigioasa revistă internațională „Global Finance”, drept cea mai bună bancă din Moldova, fiind singura instituție financiară din țară inclusă în Topul celor mai bune bănci de pe piețele emergente din Europa Centrală și de Est.

The world-known Global Finance magazine awards Moldova Agroindbank the title of the best bank in Moldova, being the only Moldovan financial institution to make it to the ranking of best banks in emerging markets in Central and Eastern Europe.

Moldova Agroindbank lansează două produse noi – cardul de debit American Express Green și cardul de debit American Express Gold.

Moldova Agroindbank launches two new products – American Express Green debit card and American Express Gold debit card.

Moldova Agroindbank a participat în cadrul „Săptămânii Internaționale a Educației Financiare”, desfășurată sub egida Băncii Naționale a Republicii Moldova.

Moldova Agroindbank participates in Global Money Week, organized under the auspices of the National Bank of Moldova (NBM).

## APRILIE APRIL

Are loc deschiderea filialei renovate din orașul Briceni, dotată cu tehnologii de ultimă oră, care facilitează lucrul cu clienții.

MAIB's renovated branch in Briceni district resumes operation, being equipped with cutting-edge technologies to facilitate relations with customers.

# 2016 HIGHLIGHTS

## MAI MAY

Moldova Agroindbank marchează 25 de ani de activitate printr-o serie de evenimente și campanii promotionale pentru clienții săi.

On the occasion of its 25th anniversary, Moldova Agroindbank launches a range of events and promotional campaigns for its customers.

La cea de-a 25-a aniversare de la fondare, Moldova Agroindbank a publicat momente inedite din activitatea sa în cartea „Scriem istoria”. Cartea are un tiraj de 1000 de exemplare și este o ediție bilingvă româno-engleză.

On its 25th anniversary, Moldova Agroindbank launches the Romanian/English bilingual book Writing History, with a print run of 1,000 copies. The book unveils important moments in the activity of the bank.

## IUNIE JUNE

Moldova Agroindbank a obținut Premiile Mari la concursurile “Marca comercială a anului” și „Realizări în domeniul calității”, organizate de Camera de Comerț și Industrie în parteneriat cu Agenția de Stat pentru Proprietatea Intelectuală.

Moldova Agroindbank wins Grand Prizes of the contests Trademark of the Year and Quality Achievements Award, organized by the Chamber of Commerce and Industry in partnership with the State Agency on Intellectual Property.

Este redeschisă filiala renovată și modernizată din orașul Rezina.

MAIB re-opens its renovated and upgraded branch in Rezina district.

Are loc o nouă ediție a Concursului Național de Business-Planuri pentru tineri, susținută de MAIB.

MAIB backs a new edition of the National Youth Business Plan Competition.

## IULIE JULY

Filiala MAIB Orhei se aliniază celor mai înalte standarde, fiind complet renovată, dotată cu utilaj modern și ajustată la un nivel european de deservire.

MAIB branch in Orhei district gets completely renovated and supplied with modern equipment. It aligns to the highest standards in the field and reaches a European level of service.



BC "Moldova Agroindbank" S.A.  
The World's Best Emerging Markets Banks  
in Central & Eastern Europe 2016



BC "Moldova Agroindbank" S.A.  
BEST COMMERCIAL BANK  
MOLDOVA 2016



BC "Moldova Agroindbank" S.A.  
TOP 100 BANKS RANKING of the Best  
Performing Banks in Southeast Europe

# REPERE 2016

## AUGUST

## AUGUST

Moldova Agroindbank lansează o campanie promoțională inedită „Călătorește cu American Express. Simte avantajele cardului!”, în cadrul căreia pot participa toate persoanele care își doresc să beneficieze de un card AMEX.

In premiere, Moldova Agroindbank launches the promotional campaign “Travel with the American Express card. Feel its advantages!” designed for all those willing to own an AMEX card.

Se deschide o nouă agenție, pe str. Calea Moșilor 4, mun. Chișinău, în nemijlocita apropiere de “Gara de Nord”.

MAIB opens a new agency in Chisinau, 4 Calea Mosilor Street, near the Northern bus station.

## SEPTEMBRIE

## SEPTEMBER

Moldova Agroindbank încurajează și susține financiar, tradițional, cea de-a XXIV-a ediție a Festivalului Internațional “Maria Bieșu”, demonstrând respectul profund pentru moștenirea fără de preț pe care a lăsat-o Primadona operei naționale.

Moldova Agroindbank provides financial support for the organization of the 25th issue of Maria Bieșu International Festival, displaying its profound respect towards the priceless heritage left by the Prima Donna of the National Opera of Moldova.

Publicația financiară internațională “Global Banking & Finance Review” a conferit MAIB al patrulea an consecutiv titlul de „Cea mai bună bancă comercială din Moldova în anul 2016”.

For the fourth year in a row, Global Banking & Finance Review international financial magazine awards MAIB the title of Best Commercial Bank Moldova 2016.

Un eveniment important, care va avea impact asupra realizării obiectivelor strategice ale băncii, îl constituie expunerea la vânzare, începând cu data de 26 septembrie 2016, prin intermediul Bursei de Valori a Moldovei, a 36,605 de acțiuni ordinare nominative nou-emise de clasa I (3.53%) și a 389,760 de acțiuni ordinare nominative nou-emise de clasa I (37.56%), din 28 septembrie 2016, informația fiind făcută publică.

On 26 September 2016, Moldova Agroindbank puts up for sale, through Moldova Stock Exchange, 36,605 newly-issued first-class ordinary nominative shares (3.53%) and 389,760 newly-issued first-class ordinary nominative shares (37.56%), with the information being made public on 28 September 2016. This important event will have a direct impact on the achievement of the bank’s strategic objectives.



BC “Moldova Agroindbank” S.A.  
Laureat al concursului  
“Pentru realizări în domeniul calității”



BC “Moldova Agroindbank” S.A.  
Premiul Mare învingătorul concursului  
“Marca comercială a anului”



BC “Moldova Agroindbank” S.A.  
Gold Award BACEE 2015 Annual Report  
Competition (Banking Association for CEE)

# 2016 HIGHLIGHTS

## OCTOMBRIE

## OCTOBER

MAIB este poziționată pe locul 71 printre cele mai mari 100 de bănci din Europa de Sud-Est, urcând 11 poziții comparativ cu anul 2015, conform studiului realizat de SeeNews Business Intelligence for Southeast Europe.

MAIB ranks 71st among top 100 banks from South Eastern Europe, going up 11 positions, against 2015, according to the survey Intelligence for Southeast Europe conducted by SeeNews Business.

Agenția internațională Ria Rating a inclus Moldova Agroindbank în „Top 200 bănci din CSI”, după active.

Ria Rating international agency includes Moldova Agroindbank on Top 200 CIS Banks, based on assets.

MAIB avansează în implementarea noilor tehnologii, oferind clienților săi noi posibilități de gestionare a numerarului în MDL/USD/EUR, prin intermediul ATM-urilor Cash-in/Cash-out.

MAIB excels in the implementation of new technologies, offering its customers new opportunities to manage their MDL/USD/EUR cash at Cash-In/Cash-Out ATMs

Moldova Agroindbank a fost distinsă cu Premiul de Aur al Asociației băncilor Europei Centrale și de Est pentru prezentare excelentă, transparentă și dezvăluire exhaustivă a informației în Raportul Anual pentru 2015.

Moldova Agroindbank is awarded the Gold Award of the Banking Association for Central and Eastern Europe (BACEE) for excellent presentation, transparency and exhaustive disclosure of information in the 2015 Annual Report.

## NOIEMBRIE

## NOVEMBER

Moldova Agroindbank începe emiterea cardurilor premium VISA Gold și Visa Platinum.

Moldova Agroindbank starts the issuance of VISA Gold and Visa Platinum cards.

MAIB a inaugurat un nou Centru de autoservire bancară „24 din 24”, amplasat în sectorul Centru al capitalei, în apropierea celor mai importante artere.

MAIB inaugurates a new 24/7 Self-Service Centre, in Centru district of Chisinau, in the proximity of the most important streets.

## DECEMBRIE

## DECEMBER

Moldova Agroindbank și Centrul de Informații Universitare organizează programul „Burse pentru Viitorul Tău!”, ediția 2016.

Moldova Agroindbank and the Educational Advising Center hold the 2016 edition of the Scholarships for Your Future program.

Moldova Agroindbank lansează pagina web dedicată actualilor și potențialilor posesori de carduri bancare American Express.

Moldova Agroindbank launches a web page for current and potential American Express card owners.



*Gimnaziul de băieți nr.1. Imagine de la începutul sec. XX*  
*Secondary School for Boys No. 1*

# 1. PREZENTAREA GENERALĂ A BĂNCII

## OVERVIEW

### 1.1 Viziunea și Misiunea băncii

#### VIZIUNEA BĂNCII

Ne propunem să devenim un grup financiar internațional, să ajungem lider pe piețele-țintă și să devenim prima opțiune pentru stakeholderii noștri.

#### MISIUNEA BĂNCII

Noi considerăm că scopul nostru primordial este oferirea fiecărui client a celor mai complexe și calitative servicii bancare prin implementarea celor mai inovative și performante soluții.

Clienții reprezintă cel mai mare tezaur și cea mai mare valoare a băncii noastre. Această atitudine constituie temelia încrederii neclintite de care se bucură banca din partea clienților. Recunoștința pentru încrederea acordată ne inspiră și ne alimentează puterea spre satisfacerea așteptărilor crescânde ale clienților, iar profesionalismul, competența și eficiența echipei sunt calea succesului în realizarea acestui obiectiv.

Noi ne angajăm să menținem cele mai înalte standarde profesionale și etice, garantând nivelul superior de integritate și governanță corporativă. În același timp, ne vom conforma mereu schimbărilor de calitate, păstrând și consolidând stabilitatea și poziția de lider incontestabil. Administrarea businessului într-o manieră de înaltă responsabilitate va sta permanent la baza creării valorilor durabile în interesul clienților, angajaților, acționarilor și societății în ansamblu.

### 1.2 Strategia generală de afaceri a băncii, pentru anii 2017 – 2019

Strategia BC Moldova Agroindbank SA pentru anii 2017 – 2019 este orientată spre dezvoltarea organică a băncii, consolidarea poziției de lider incontestabil pe piața locală și sporirea rentabilității financiare a băncii, prin fortificarea relației cu clienții, reorganizarea modelului de business și transformarea amplă a proceselor de afaceri, susținute de tehnologii informaționale moderne și soluții inovative implementate de o echipă formată din cei mai buni profesioniști.

Banca urmează să realizeze obiectivele strategice stabilite, prin utilizarea eficientă a resurselor umane, materiale și financiare disponibile, diminuarea expunerii la riscuri, valorificarea eficientă a avantajelor sale competitive și diferențierea de concurenți.

Conceptul strategiei băncii se va axa pe 4 perspective strategice (Financiară, Clienți, Procese, Cunoaștere și Dezvoltare):

### 1.1 Vision and Mission of the Bank

#### VISION OF THE BANK

We aim to become an international financial group, with a leading position on target markets and always be the first choice for our stakeholders.

#### MISSION OF THE BANK

We believe that our top goal is to provide the most complex and best quality bank services to each and every customer by implementing cutting-edge solutions.

Customers are the most valuable treasure of the bank. This belief is the milestone of the steady confidence the customers display towards the bank, which inspires us and gives us power to meet the increasing expectations of our customers, whereas the professionalism, competence and efficiency of the team pave the way to success for the achievement of this objective.

We commit to stick to the highest professional and ethical standards, guaranteeing a high integrity level and the observance of corporate governance. At the same time, the bank will always comply with quality changes, maintaining and strengthening its stability and stance of indisputable leader. The highly responsible management of the bank's business will always represent the foundation of sustainable values in the best interests of customers, employees, shareholders and society, as a whole.

### 1.2 General business strategy of the bank for 2017 - 2019

The strategy for 2017 – 2019 targets the organic growth of BC Moldova Agroindbank, consolidation of its indisputable leading position on the local market and increase in its financial profitability, by strengthening its customer relations, reorganizing its business model and ensuring a deep transformation of business processes, along with the implementation of modern information technologies and innovation solutions by a team of best experts.

To accomplish its strategic objectives, MAIB will make efficient use of available human, material and financial resources. It will also diminish risk exposure, turn to good account its competitive advantages and differences against its competitors.

The concept of the bank's strategy will focus on four strategic prospects – Finance, Customers, Processes, Knowledge and Development.

1. **PERSPECTIVA “FINANȚE”:** Vom tinde să rămânem o bancă rentabilă și stabilă, să generăm în continuare plus-valoare pentru acționarii noștri. Vom continua să asigurăm rentabilitatea financiară a afacerii băncii în condiții optime de risc și eficiență.
2. **PERSPECTIVA “CLIEŢI”:** Orientarea spre clienți și sporirea gradului de satisfacție a acestora este o prioritate pentru noi. Vom tinde în permanență să îmbunătățim calitatea interacțiunii noastre cu clienții, valorificând în special potențialul oferit de segmentul Retail. Orientarea client-centrică și creșterea satisfacției clienților se va reflecta asupra volumului afacerii băncii și va permite menținerea cotei de piață deținute de MAIB.
3. **PERSPECTIVA “PROCESE”:** Vom continua dezvoltarea organică a afacerii băncii prin transformarea MAIB într-o bancă modernă, orientată spre optimizarea și centralizarea proceselor de afaceri, sporirea eficienței și calității proceselor și perfecționarea modelului de business. Vom dezvolta în continuare sistemul de management a proceselor de afaceri prin formalizarea și automatizarea maximă a acestora. Vom asigura implementarea principiilor managementului strategic la toate nivelurile de gestiune din bancă, formând o viziune unitară și coerentă asupra contribuției fiecărei subunități la realizarea strategiei băncii.
4. **PERSPECTIVA “CUNOAȘTERE ȘI DEZVOLTARE”:** Intenționăm să creem cea mai bună echipă și să ne afirmăm ca cea mai tehnologizată și inovativă bancă pe piața autohtonă. Vom continua implementarea tehnologiilor informaționale moderne și vom perfecționa sistemul de management al capitalului uman, garantând nivelul superior de responsabilitate și guvernanta corporativă, menținând cele mai înalte standarde profesionale și etice. Aspirăm să ne afirmăm drept unul din cei mai buni și cei mai solicitați angajatori pe piața locală, oferind un mediu de lucru sigur și motivant.

### 1.3. Guvernanta Corporativă

Guvernanta corporativă a MAIB reprezintă ansamblul principiilor, regulilor și normelor interne, ce asigură administrarea și gestionarea de către organele de conducere ale băncii a activității acesteia în interesul acționarilor săi.

O guvernanta corporativă sustenabilă și eficientă a fost și continuă să reprezinte o condiție fundamentală pentru asigurarea stabilității băncii și a unei performanțe de excepție, conștientizând, totodată, gradul major de responsabilitate ce îl are banca față de acționari, administratori, angajați, clienți și partenerii de afaceri, organele de supraveghere și societatea per ansamblu.

O bună structură a guvernantei corporative înseamnă un sistem eficient de stabilire a obiectivelor, de luare a deciziilor, precum și gestionarea adecvată, prin control și monitorizare continuă, a executării deciziilor luate în scopul atingerii obiectivelor propuse.

1. **FINANCE** – We will strive to remain profitable and stable and continue to generate added value for our shareholders. We will ensure the financial profitability of the bank’s business, in optimal conditions of risk and efficiency.
2. **CUSTOMERS** – Our priority is to stay customer-oriented and enhance the degree of their satisfaction. We will continuously aim to improve the quality of our customer relations, focusing on the potential of the Retail segment. Our customer-oriented strategy and a higher satisfaction level of our customers will have a positive impact on the bank’s turnover and will allow maintaining its market share.
3. **PROCESSES** – We will continue the organic growth of BC Moldova Agroindbank, by turning it into a modern bank, aimed at optimizing and centralizing business processes, enhancing the efficiency and quality of its processes and also improving its business model. To ensure the continuous development of business process, we will formalize and automate them to their fullest extent. The implementation of strategic management principles at all management levels within the bank is also one of our goals. As a result, we will achieve a unitary and coherent vision on the contribution of each sub-unit to the enforcement of the bank’s strategy.
4. **KNOWLEDGE AND DEVELOPMENT.** Our goal is to build the best team and assert ourselves as the most high-tech and innovative bank on the local market. We will continue to implement modern information technologies and will further upgrade the human resources management system. Hence, we guarantee a superior level of corporate responsibility and governance, along with the highest professional and ethical standards. We are determined to become one of the best employers on the local market, ensuring a safe and motivating working environment.

### 1.3. Corporate Governance

The corporate governance of Moldova Agroindbank refers to a set of principles, rules and internal procedures that ensure the administration of the bank’s business in the best interest of its shareholders.

Sustainable and efficient corporate governance was and continues to be a fundamental condition for the bank’s stability and exceptional work. In this respect, the bank is aware of the high degree of responsibility towards its shareholders, managers, employees, customers, business partners, supervisory bodies and for society as a whole.

Well-structured corporate governance represents an efficient system within which goals are set and decisions are made. To reach these goals, corporate governance provides for an adequate management of the enforcement of decisions, through continuous control and monitoring.

Banca, prin intermediul organelor sale de conducere, urmărește în permanență formarea și menținerea unor relații respectuoase și echitabile cu acționarii, partenerii de afaceri, clienții și angajații, formarea și menținerea încrederii ce ține de conducerea activității băncii, precum și controlul și reducerea riscurilor, menținerea creșterii constante a indicatorilor financiari ai băncii.

### Administrarea și Conducerea băncii

Adunarea generală a acționarilor este organul suprem de conducere al băncii, prin intermediul căruia acționarii își realizează dreptul de participare la conducerea activității băncii.

Cadrul existent al guvernanței corporative a băncii asigură un tratament echitabil pentru toți acționarii băncii, inclusiv pentru cei minoritari.

Consiliul Băncii reprezintă interesele acționarilor în perioada dintre Adunările generale și în limitele atribuțiilor sale, exercită conducerea generală și supravegherea activității băncii, elaborează și asigură aplicarea politicii băncii și poartă răspundere pentru eficiența activității sale.

Responsabilitățile de bază ale Consiliului băncii sunt asigurarea dezvoltării afacerii și a solidității financiare a băncii, supravegherea implementării strategiei de risc, precum și a modului în care activitățile băncii sunt organizate și reglementate.

Comitetul de Conducere este organul executiv colegial al MAIB, care are responsabilitatea de a asigura că toate activitățile băncii sunt în concordanță cu strategia de afaceri, toleranța/apetitul la risc și politicile aprobate de Consiliul băncii.

Componența, dimensiunea și competențele organelor de conducere ale băncii (ale Consiliului și ale Comitetului de Conducere) sunt adecvate în raport cu dimensiunea și complexitatea activității băncii.

Membrii organelor de conducere ale MAIB îndeplinesc condițiile și criteriile de eligibilitate necesare administrării eficiente a băncii:

- a) Dispun de o bună reputație și expertiză necesară pentru exercitarea responsabilităților, în conformitate cu regulile unor practici bancare prudente și sănătoase;
- b) Dispun de experiența profesională adecvată naturii, mărimii și complexității activității băncii și responsabilităților încredințate;
- c) Dezvoltă și mențin un nivel adecvat al competenței, astfel încât banca să se extindă ca dimensiune și complexitate;
- d) Alocă suficient timp și energie pentru onorarea responsabilităților sale în calitate de membri ai organelor de conducere.

În scopul asigurării organizării și activității eficiente a organelor de conducere ale băncii, pe lângă Comitetul pentru Numiri și Remunerații, Comitetul de Risc și Comitetul de Achiziții, în cadrul băncii activează, de asemenea, Comitetul pentru Credite și Comitetul

The bank, through its management bodies, continuously aims at establishing and maintaining respectful and equitable relationships with shareholders, business partners, customers and employees, maintaining trust in the bank's management, as well as controlling and reducing risks, maintaining constant growth in the bank's financial indicators.

### Management and Leadership of the Bank

The General Assembly of Shareholders is the supreme governing body of Moldova Agroindbank, through which the shareholders exert their right to participate in the management of the bank.

The current corporate governance framework ensures a fair treatment for all the shareholders of the bank, including minority shareholders.

Within the limits of its powers, the Bank's Council represents the shareholders' interests in between meetings of the General Assembly. It also exercises general control, supervises the activity of the bank, develops and ensures the enforcement of bank policy, and bears responsibility for the efficiency of its activity.

The main responsibilities of the Bank's Council reside in ensuring the development of the business and financial strength of the bank, monitoring the implementation of the risk strategy and the way the bank's activity is organized and regulated.

The Management Board is the collective executive body of Moldova Agroindbank, which makes sure all the activities of the bank comply with the business strategy, risk tolerance/appetite and policies approved by the Bank's Council.

The composition, and competencies of the bank's governing bodies (Bank's Council and Management Board) are appropriate to the size and complexity of the bank's activities.

The members of MAIB management bodies meet the eligibility conditions and criteria for an efficient management of the bank:

- a) They have a good reputation and the necessary expertise to exert their responsibilities in accordance with sound and prudent banking practice regulations;
- b) Their professional experience is appropriate to the nature, size and complexity degree of the bank's activity and responsibilities assigned to them;
- c) They develop and maintain an appropriate proficiency level so that the bank extends in dimension and complexity;
- d) They allot enough time and energy to fulfill their responsibilities as members of the management bodies.

MAIB also has a Compensation and Benefits Committee, Risk Committee and an Acquisitions Committee, which alongside the Credit Committee and the Asset and Liability Committee ensure the organization and efficient activity of the bank's

pentru Administrarea Activelor și Pasivelor, a căror împuterniciri, ordine de constituire și de activitate sunt aprobate de Consiliul băncii.

### **Reglementarea conflictului de interese**

Banca dispune de politici și reglementări interne privind gestionarea situațiilor de conflict de interese. Fiecare angajat al băncii are responsabilitatea să-și desfășoare activitatea într-o manieră prin care să evite apariția situațiilor unor conflicte de interese, iar organele de conducere ale băncii asigură că banca dispune de un sistem de control intern și de proceduri interne adecvate, care ar permite identificarea și gestionarea situațiilor de conflict de interese.

### **Transparența și dezvăluirea informației**

Banca dezvăluie permanent și veridic informația privind activitatea sa. Dezvăluirea informației contribuie la familiarizarea și conștientizarea de către publicul larg a structurii și a activităților băncii, politicilor corporative și a performanțelor, în corespundere cu standardele etice și de protecție a mediului înconjurător, contribuie la atragerea capitalului și menținerea/creșterea încrederii față de bancă, precum și la realizarea eficientă de către acționari a drepturilor sale de proprietari, bazându-se pe această informație.

În anul 2016, banca a reușit să-și consolideze poziția de lider al sistemului bancar, demonstrând că modelul de guvernare corporativă aplicat este eficient, iar managementul băncii este pregătit să reacționeze prompt la diferite provocări.

Guvernanța corporativă va rămâne și în continuare una din prioritățile băncii, menită să asigure transparența decizională și a proceselor operaționale, inclusiv în relațiile cu acționarii, partenerii și clienții băncii.

Pentru realizarea acestui obiectiv la Adunarea generală ordinară anuală a acționarilor băncii din 28.04.2016 a fost aprobat Codul de guvernanță corporativă al MAIB în redacție nouă, care are drept scop stabilirea unor mecanisme de lucru, atribuții și responsabilități ale organelor de conducere, și care ar servi drept ghid în aplicarea unor principii eficiente de administrare și supraveghere a activității băncii.

Codul de guvernanță corporativă poate fi accesat pe site-ul web al băncii în cadrul paginii de dezvăluire a informației privind guvernanta băncii, împreună cu Declarația de guvernanță corporativă "Conformare sau justificare".

management bodies. Their powers, status and regulations have been approved by the Bank's Council.

### **Settlement of conflicts of interest**

The settlement of conflicts of interest is regulated by the bank's internal policies and bylaws. All bank employees shall avoid conflicts of interest, whereas the management of the bank needs to make sure the bank has an internal control system and adequate internal procedures, able to identify and settle conflicts of interest.

### **Information Transparency and Disclosure**

The bank always discloses truthful information about its activity. This gives the general public knowledge and understanding of the bank's structure and activities, corporate policies and performances, in line with ethical and environment protection standards, helps attract capital, maintain/increase confidence in the bank and contributes to the efficient enforcement of the shareholders' property rights.

MAIB has strengthened its position as leader of the banking system in 2016, proving the efficiency of its corporate governance model, along with the readiness of its management to promptly react to various challenges.

Corporate governance will further be one of the bank's priorities, aimed at ensuring transparency in the bank's decision-making and operational processes and also within its relations with the bank's shareholders, partners and customers.

To achieve this objective, a new version of the Corporate Governance Code of Moldova Agroindbank was approved on 28.04.2016, during the annual ordinary meeting of the General Assembly of Shareholders. The Code is aimed at setting up a number of working mechanisms, competences and responsibilities of the bank's management bodies and will also guide the enforcement of a number of principles of efficient management and supervision of the bank's activity.

The Corporate Governance Code, along with the Corporate Governance Declaration entitled "Compliance or Justification", can be found online, on MAIB's website, in the information disclosure section.

## 1.4 Sistemul de control intern și Managementul riscului

Gestionarea riscurilor este parte integrantă a tuturor proceselor decizionale și de afaceri din cadrul băncii și are drept scop protejarea dezvoltării durabile a băncii. Banca aplică o politică prudentă, riguroasă de evaluare, tratare și gestionare a riscurilor în procesul plasării eficiente a resurselor creditare, dezvoltând în permanență procedurile, mecanismele și instrumentele utilizate, adecvate condițiilor pieții.

În scopul asigurării organizării unui sistem eficient de identificare și evaluare permanentă a riscurilor aferente activității băncii, în vederea gestionării și minimizării acestora, supravegherea realizării strategiilor de risc ale băncii în ansamblu și pe tipuri de risc, precum și pentru înaintarea recomandărilor de rigoare Consiliului băncii, inclusiv asupra apetitului de risc, a fost creat Comitetul de Risc al MAIB.

În BC Moldova Agroindbank SA funcționează un sistem de administrare a riscurilor, bazat pe cerințele BNM, recomandările Comitetului Basel pentru Supraveghere Bancară, recomandările societății de audit extern, consultanța primită de la experții externi, precum și pe experiența proprie, acumulată de bancă.

Funcția de administrare a riscurilor este exercitată de către Diviziunea Administrare Riscuri. Rolul acestei Diviziuni constă în întreprinderea tuturor măsurilor necesare pentru conformarea permanentă cu toate criteriile calitative, sporirea gradului de conștientizare a riscului la nivel de Conducere a băncii, promovarea unui raport optimal între risc și rentabilitate, măsurarea capitalului economic al băncii și aprobarea tuturor modelelor de risc.

Sistemul de gestionare a riscurilor în cadrul BC Moldova Agroindbank SA include următoarele etape:

- identificarea riscurilor - banca ia în considerare toate riscurile, care pot avea un impact semnificativ asupra afacerii;
- măsurarea riscurilor - evaluarea cantitativă a riscului constituie baza pentru determinarea toleranței la risc a băncii, determinarea profitabilității operațiunilor bancare bazate pe risc;
- gestionarea riscului - procesul de păstrare a riscurilor asumate de bancă, în limitele, ce nu amenință stabilitatea ei financiară;
- monitorizarea - procesul de observare continuă a nivelului riscurilor asumate în vederea neadmiterii depășirii limitelor stabilite de bancă și/sau BNM;
- raportarea - raportarea, în modul stabilit, a riscurilor la care este expusă banca către conducerea băncii, BNM.

### Administrarea riscurilor principale

- 1 Riscul de credit,
- 2 Riscul de piață, care include:
  - riscul de rată a dobânzii;
  - riscul valutar;
- 3 Riscul de lichiditate;
- 4 Riscul de țară și de contraparte;
- 5 Riscul operațional.

## 1.4 Risk management and internal control system

Risk management is an integral part of all decision-making and business processes within the bank and has the purpose of protecting its sustainable development. The bank applies a prudent and rigorous policy of evaluating, treating and managing risks to ensure an efficient lending process, continuously developing procedures, mechanisms and instruments so that they meet market conditions.

To ensure continuous and efficient identification and assessment of related risks, a Risk Committee has been created within Moldova Agroindbank. The committee supervises the enforcement of the bank's risk strategies as a whole and puts forward appropriate recommendations, including on risk appetite, to the Bank's Council.

A risk management system is in place within the bank, based on the requirements of the National Bank of Moldova (BNM), recommendations of the Basel Committee on Banking Supervision and of the audit company, on consultancy provided by external experts, as well as on the bank's own experience.

The risk management function is performed by the Risk Management Division. The division's task is to take all measures needed to ensure permanent compliance with all the quality criteria, increase the degree of risk awareness at the bank management level, promote an optimal ratio between risk and profitability, measure the bank's economic capital and approve all risk models.

The risk management system of Moldova Agroindbank includes the following stages:

- risk identification - the bank takes into consideration all risks that may significantly impact its business;
- risk measurement - quantitative risk assessment serves as basis for determining the bank's risk tolerance, as well as the profitability of risk-based banking operations;
- risk management - the process of maintaining risks assumed by the bank within the limits that do not threaten its financial stability;
- monitoring - continuous monitoring of risk levels, in order to avoid exceeding the limits set by MAIB and/or BNM;
- reporting - reporting risks to the management of Moldova Agroindbank and to the National Bank of Moldova, as established.

### The main risks the bank manages are the following:

- 1 Credit risk,
- 2 Market risk, which includes:
  - Interest rate risk
  - Currency risk;
- 3 Liquidity risk;
- 4 Country and counterparty risk;
- 5 Operational risk.

**Riscul de credit** - este definit ca și riscul actual sau viitor de afectare negativă a profiturilor și a capitalului ca urmare a neîndeplinirii de către debitor a obligațiilor contractuale sau a deteriorării situației sale, și este administrat de bancă prin:

- a) stabilirea limitelor generale la concentrarea de risc pentru segmente de clienți, valute, genuri de activitate, termene de scadență, produse și gestionarea lor permanentă;
- b) respectarea normativelor stabilite de Banca Națională a Moldovei și instituțiile financiare – creditori ai băncii, respectarea indicatorilor interni stabiliți de către bancă, stabilirea și respectarea limitelor anuale de expunere la risc la produsele de creditare pentru clienții corporativi;
- c) crearea structurii de gestionare a riscului de credit și sistemul de luare a deciziilor, analiza minuțioasă a fiecărei tranzacții de creditare de către Departamentul Clienți Corporativi sau filiala băncii/DOCCB;
- d) realizarea unei abordări complexe și de sistem privind evaluarea și dirijarea riscurilor;
- e) analiza lunară a calității portofoliului de credite, clasificarea creditelor, în conformitate cu Regulamentul Băncii Naționale a Moldovei “Cu privire la clasificarea activelor și angajamentelor condiționale”;
- f) evaluarea deprecierei portofoliului de credite (individual și colectiv), altor active, ce nu sunt credite și formarea reducerilor pentru pierderi din deprecierea lor, în funcție de existența indicatorilor obiectivi de depreciere;
- g) dezvoltarea practicii de testare la stres întru aprecierea capacității băncii de a rezista șocurilor exogene și elaborarea planului de redresare a băncii în aceste situații;
- h) monitorizarea permanentă a situației clienților în scopul determinării disponibilității și capacității acestora de a-și onora în continuare angajamentele de credit, depistarea timpurie a semnalelor de alertă, care ar putea influența negativ capacitatea clientului de a-și onora oportunitățile angajamentele asumate și întreprinderea măsurilor adecvate în vederea protejării băncii de posibilele pierderi;
- i) evaluarea suficienței de asigurare a creditului, fluxurile monetare probabile și asigurarea, reacția oportună și adecvată la fluctuațiile nefavorabile în activitatea clientului, clasificarea trimestrială a clienților în dependență de starea financiară, aplicarea ratelor dobânzii la credite, în funcție de categoria clientului și gradul de risc;

#### **Riscurile de piață (risc valutar și rata dobânzii).**

Riscul de piață – riscul înregistrării pierderilor financiare și/sau înrăutățirea situației financiare a băncii, ca urmare a modificării nefavorabile a prețului de piață a valorii pozițiilor portofoliului băncii, determinat de modificarea factorilor de risc: rata dobânzii, ratele de schimb valutar, volatilitatea, etc

**Credit risk** is defined as the current or future risk of profit and capital being negatively affected by the borrower’s failure to meet contractual obligations or by a worsening of their situation, which the bank manages by:

- a) setting general limits to risk concentration per customer segments, currencies, activity types, maturities, products and by ensuring their continuous management;
- b) complying with the rules set by the National Bank of Moldova and financial institutions acting as the bank’s creditors; observing internal ratios set by the bank, as well as setting and complying with annual risk exposure limits to corporate credit products;
- c) developing a credit risk management structure and a decision-making system; providing a comprehensive analysis of each credit transaction performed by the Corporate Clients Department or the branch of the bank / DOCCB (Client Operations Department at the Headquarters of the Bank)
- d) achieving a complex and systemic approach to risk assessment and management;
- e) performing a monthly analysis of the credit portfolio in line with the Regulation of the National Bank of Moldova on the “Classification of assets and conditional commitments”
- f) assessing individual and collective credit portfolio impairment and other assets that are not loans; developing impairment loss allowances;
- g) developing the stress-test practice to assess the resilience of the bank to exogenous shocks and set a recovery plan for such situations;
- h) monitoring customers’ situation on a permanent basis, in order to determine their creditworthiness and capacity to further fulfill their loan commitments, as well as to spot any alerts, which may have a negative impact on the customers’ ability to fulfill their commitments; taking adequate measures to protect the bank from potential losses;
- i) assessing loan insurance cover, possible cash flows and insurance, appropriate and adequate reaction to unfavorable flows in the customer’s activity, classifying customers every quarter based on their financial statement, as well as applying interest rates on loan, depending on customer category and risk degree;

#### **Market risk (currency risk and interest rate risk)**

The market risk is the risk of financial losses and/or deterioration of the bank’s financial situation following unfavorable changes in the market price of the value of the bank’s portfolio. The risk is determined by changes in risk factors, such as interest rate, currency rates, volatility, etc.

Managementul riscului de piață se realizează prin intermediul unui sistem intern de evaluare, limitare, monitorizare și control al riscurilor de piață. Administrarea riscului de piață în cadrul activității MAIB este realizată prin gestionarea riscului valutar și cel de rată a dobânzii.

Gestionarea riscului de piață are ca obiectiv monitorizarea și menținerea în parametrii asumați a expunerilor pe instrumentele financiare din portofoliu concomitent cu optimizarea randamentului respectivelor investiții.

Banca continuă să perfecționeze sistemul intern de management al riscurilor de piață, în scopul alinierii acestuia prevederilor pachetului de reglementări CRD IV. Banca aplică cu o periodicitate prestabilită, iar la necesitate mai frecvent scenariu de testare la stres asupra pozițiilor sale valutare și procentuale în scopul determinării nivelului de rezistență, precum și a punctelor vulnerabile. Rezultatele testărilor la stres sunt luate în considerație de către managementul băncii în vederea ajustării pozițiilor băncii și/sau a instrumentelor de gestionare. Informația privind expunerea băncii riscurilor de piață, rezultatele testărilor la stres și măsurile întreprinse sunt raportate periodic Comitetului pentru Administrarea Activelor-Pasivelor băncii și trimestrial Comitetului de Risc al băncii.

**Riscul de lichiditate** - riscul incapacității băncii de a-și onora obligațiunile sale de plată la scadența acestora, ca rezultat al imposibilității valorificării activelor sau încasării cu dificultate a creanțelor.

Abordarea băncii în privința managementului lichidității constă în estimarea continuă a poziției de lichiditate a băncii și prognozarea fluxurilor de mijloace financiare, pentru asigurarea unui nivel optim din punct de vedere al utilizării lichidităților existente în sensul atingerii obiectivelor scontate.

**Sistemul de gestionare a riscului de lichiditate prevede:**

- actualizarea politicilor, procedurilor și sistemelor de identificare, măsurare, administrare și monitorizare a riscului de lichiditate, în vederea alinierii cerințelor pachetului de reglementări CRD IV;
- controlul respectării cerințelor prudențiale și a limitelor interne, precum și monitorizarea evoluției indicatorilor de avertizare timpurie a riscului de lichiditate;
- diversificarea resurselor financiare atrase, aprecierea periodică a surselor potențiale de recuperare a lichidităților și accesul pe piața resurselor;
- asigurarea unui echilibru al fluxurilor activelor și pasivelor băncii după termenii de maturitate și analiza concentrării acestora;
- monitorizarea sistematică și analiza factorilor de risc cu privire la lichiditatea curentă și pe termen lung al băncii;
- aplicarea testărilor la stres cu privire la nivelul de lichiditate curentă și pe termen lung al băncii în situații de criză, în vederea întreprinderii măsurilor necesare de prevenire a eventualelor cazuri de criză de lichidități.
- actualizarea planului de redresare al băncii în situații de criză.

The market risk is managed through an internal system that assesses, limits, monitors and controls the market risks. MAIB manages market risk by handling currency and interest risks.

Market risk management aims at monitoring and maintaining exposure to financial instruments in the portfolio within the set parameters, and optimizing, at the same time, the yield of these investments.

The bank continues to improve the internal market risk management system, so that it complies with the provisions of the CRD IV (Capital Requirements Directive IV) package. To determine the resilience level and track down vulnerabilities, the bank subjects its foreign exchange and percentage positions to stress tests within predefined intervals of time, and sometimes more frequently, if necessary. Test results are afterwards used by the management of the bank to adjust the position of the bank and/or of management tools. Reports on the bank's exposure to market risks, results of stress tests and measures taken in this respect, are periodically presented to the Asset and Liability Committee and to the Risk Committee, on a quarterly basis.

**Liquidity risk** is the risk arising from the bank's failure to meet its debt obligations when they fall due, as a result of its impossibility to sell its assets or of difficulty to collect receivables.

To secure an efficient liquidity management, the bank continuously estimates its liquidity position and forecast of cash flows, to make sure that current liquidity is used at an optimal level and that the set goals are met.

**The liquidity risk management system provides for:**

- updating policies, procedures and systems used to identify, measure, manage and monitor the liquidity risk, in order to comply with the requirements of the regulations of the CRD IV package;
- checking the observance of prudential requirements and internal limits, as well as monitoring the evolution of early warning signals for liquidity risk;
- diversifying the attracted financial resources and assessing periodically potential sources of recouping liquidity and access to the resource market;
- offsetting the bank's flows of assets and liabilities according to maturity terms and concentration analysis;
- systematically monitoring and evaluating risk factors related to the bank's current and long-term liquidity;
- developing scenarios concerning the bank's current and long-term liquidity within cash flow forecasts and elaborating stress-tests, in order to prevent potential liquidity crisis situations.
- updating the bank's recovery plan during crisis situations;

În condițiile unor perspective de dezvoltare economică rezervată, însoțită de înrăutățirea calității portofoliului de credite pe sistem, ce ulterior ar putea provoca diminuarea nivelului de capitalizare, banca urmărește menținerea unei poziții precaute de lichiditate, cu monitorizarea amplificării activității de creditare și o diagnostică a concentrației portofoliilor deținute.

### **Riscul de țară și de transfer**

**Risc de țară** – riscul afectării activității băncii de condițiile și evenimentele economice, sociale și politice dintr-o țară străină;

**Risc de transfer** - riscul imposibilității convertirii de către o entitate străină a unor obligațiuni financiare în valuta necesară plății din cauza lipsei sau indisponibilității acestei valute, ca urmare a unor restricții impuse de țara respectivă.

Sistemul de gestionare a riscului de țară în bancă prevede aplicarea și perfecționarea unui mecanism de apreciere și revizuire a categoriei de risc stabilită pentru țara respectivă, în baza analizei unui complex de factori, prevăzuți în cadrul actelor normative interne, de limitare a expunerii băncii față de fiecare țară, inclusiv revizuirea periodică și ajustarea limitelor stabilite.

Banca evaluează, lunar, calitatea expunerii sale față de riscul de țară și transfer și perfectează testările la stres, în funcție de gradul de severitate a circumstanțelor presupuse, estimând mărimea pierderilor potențiale în cazul realizării acestora.

Respectarea limitelor de țară se monitorizează continuu, informația cu privire la nivelul de expunere a băncii riscului de țară, gradul de utilizare a limitelor, estimărilor efectuate de agențiile internaționale de rating și modificările ratingurilor atribuite țărilor, rezultatele testărilor la stres și alte aspecte importante ce țin de gestionarea riscului de țară sunt aduse la cunoștință Comitetului de conducere al băncii și Comitetului de Risc al băncii.

### **Riscul operațional**

**Risc operațional** - riscul de pierdere care rezultă fie din utilizarea unor procese, persoane, sisteme interne inadecvate sau care nu și-au îndeplinit funcția corespunzător, fie din evenimente externe.

Sarcina băncii aferentă gestionării riscurilor operaționale reprezintă sporirea calității proceselor de afaceri ale băncii, eficienței de elaborare și implementare a produselor și serviciilor bancare, precum și deservirea calitativă a clienților.

În vederea atingerii sarcinilor aferente gestionării riscurilor operaționale, banca implementează consecvent și menține mecanisme de control a riscurilor în cadrul proceselor de afaceri, întreprinde măsuri de identificare a amenințărilor și reducere a posibilității realizării acestora, corectare oportună a deficiențelor și frecvenței pierderilor, testare a planului de continuitate a afacerii, concomitent cu perfecționarea continuă a cadrului de gestionare și culturii de risc operațional.

Given the prospects of a poor economic development, along with the worsening quality of the loan portfolio per system, which could possibly cause the capitalization level to decrease, the bank aims to maintain a cautious level of liquidity, monitor its lending operations and diagnose the concentration of its loan portfolios.

### **Country and Transfer risks**

**Country risk** is associated to the economic, social and political conditions and events of a foreign country, which may possibly damage the bank activity.

**Transfer risk** represents the impossibility of a foreign entity to convert local currency into foreign currency, to make debt-service payments, due to exchange restrictions imposed in a certain country.

The country risk management system provides for applying and improving the mechanism of assessing and reviewing the risk category established for the respective country, based on analysis of a pool of factors limiting the bank's exposure to each country, including their periodic review and adjustment of the established limits.

The bank monthly assesses the quality of its exposure to country risk and transfer risk and develops stress-tests depending on how grave presumed circumstances may be, estimating the amount of potential losses and the impact on the bank's capital in case they come true.

The bank continuously monitors the observance of country limits. Reports on the bank's level of exposure to country risk, the extent to which the limits are used, estimations by international rating agencies and changes in country rating, stress tests results and other important aspects related to country risk management, are presented to the Management Board of the Bank and the Risk Committee

### **Operational risk**

**The operational risk** is the risk of losses, caused by inadequate or failed internal processes, people and systems, or by external events.

The bank's goal in managing operational risks is to enhance the quality of the bank's business processes, to ensure efficient development and implementation of banking products and services and to provide quality service for the bank's customers.

To achieve the goals of operational risk management, the Bank consistently implements and maintains mechanisms to control risk in business processes, undertakes measures to identify threats, minimize possibilities for their materialization, corrects and removes deficiencies and frequency of losses and, concurrently, continues to improve the operational risk management framework and culture.

Totodată, are loc adaptarea permanentă a metodologiei existente privind mărimea capitalului economic necesar pentru acoperirea riscurilor operaționale, în vederea alinierii cerințelor Basel III.

### **FUNCȚIA DE CONFORMITATE**

BC Moldova Agroindbank SA este adeptă a implementării celor mai bune practici și a menținerii celor mai înalte standarde profesionale de transparență, etică și integritate pentru a asigura o guvernare corporativă sustenabilă și eficientă. Totodată, gestionarea eficientă și prudentă a băncii este asigurată prin menținerea unui sistem de control intern adecvat.

Funcția independentă de conformitate este o componentă cheie a unui sistem de control intern riguros și eficient al unei bănci.

Funcția de conformitate este responsabilă de identificarea, evaluarea, gestionarea și monitorizarea riscului de conformitate, care este asociat cu neconformarea băncii la legile, actele normative, reglementările, codurile de conduită profesionale aplicabile. Funcția de conformitate propune măsuri de prevenire a expunerii la riscul de sancțiuni legale și de reglementare, riscul de pierderi financiare sau de afectare a reputației, ca urmare a neconformării activității băncii la prevederile cadrului legal și de reglementare, precum și la standardele de conduită profesională bancară.

În scopul gestionării riscurilor expuse mai sus și a conformării activității băncii practicilor internaționale și cerințelor Băncii Naționale a Moldovei, în cadrul BC Moldova Agroindbank SA a fost constituit și activează Departamentul Conformitate.

Departamentul Conformitate acordă asistență organelor de conducere ale băncii în evaluarea nivelului conformării activității băncii cu prevederile cadrului legal și de reglementare în vigoare cu ulterioarele modificări, dar și la menținerea și dezvoltarea unor relații eficiente și de colaborare cu organele de supraveghere și control al activității băncii.

Un aspect important al conformității îl constituie elaborarea unui cadru normativ intern necesar pentru prevenirea și identificarea timpurie a fraudelor, a situațiilor de conflict de interese sau a abuzurilor din partea angajaților băncii. Examinarea sesizărilor primite de la angajați și ale reclamațiilor clienților permite identificarea proceselor, segmentelor de activitate mai vulnerabile și expuse la risc sau neeficiente.

Elaborarea de către Departamentul Conformitate a reglementărilor interne privind etica și conduita profesională a angajaților băncii, precum și a unor programe de instruire continuă a personalului în domeniul conformității, contribuie la sporirea nivelului culturii corporative și încurajează angajații la o comunicare deschisă cu Conducerea băncii.

Actele normative interne de bază ale domeniului conformității sunt următoarele: Politica de conformitate, Codul de Etică, Politica privind

To comply with Basel III requirements, the bank continuously adjusts its current methodology concerning the amount of the economic capital required to cover operational risks.

### **COMPLIANCE FUNCTION**

Moldova Agroindbank is committed to the implementation of the best practices and highest professional standards of transparency, ethics and integrity to ensure sustainable and efficient corporate governance. At the same time, an adequate internal control system is put in place to ensure an efficient and prudent management of the bank.

An independent compliance function is a key component in the bank's rigorous and efficient internal control system.

The compliance function is responsible for identifying, evaluating, managing and monitoring the compliance risk associated with the bank's non-compliance with applicable laws, bylaws, regulations and codes of conduct. The compliance function puts forward prevention measures against the risk of exposure to legal and regulatory sanctions, the risk of financial losses or reputational damage as a result of the bank's failure to comply with the legal and regulatory provisions and professional banking conduct standards.

In order to manage the above-mentioned risks and to ensure the bank's compliance with international practices and the BNM requirements, Moldova Agroindbank has created the Compliance Department.

The Compliance Department provides assistance to the Management Board in evaluating the bank's compliance with the legal framework and regulatory provisions in force, as subsequently amended, as well as in maintaining and developing efficient cooperation relations with the bodies supervising and controlling the bank's activity.

The compliance function is also responsible for developing the internal legal framework needed for early prevention and identification of frauds, conflicts of interest or abuses by bank employees. Examining notices from employees and customers' complaints allows identifying vulnerable or inefficient processes and activity segments that are exposed to risk.

The development by the Compliance Department of internal ethics and professional conduct regulations, as well as a number of continuous personnel training programs on compliance contributes to strengthening corporate culture and encourages employees to openly communicate with the bank management.

The Compliance Policy, Code of Ethics, Conflict of Interests Policy, Anti-Fraud Policy and the Policy

conflictul de interese, Politica antifraudă a băncii și Politica în domeniul prevenirii și combaterii spălării banilor și finanțării terorismului.

**Politica de conformitate** definește elementele cheie în crearea și funcționarea cadrului de conformitate, și anume implicarea Consiliului băncii și Comitetului executiv, independența funcției de conformitate, responsabilitatea fiecărui angajat și principiile de conformitate, cum ar fi respectarea și promovarea conduitei profesionale de către angajații băncii, conformarea activității acestora cu legile, actele normative, reglementările și standardele profesionale în vigoare, evitarea conflictelor de interese, asigurarea confidențialității în decursul exercitării atribuțiilor de serviciu, protejarea activelor băncii și ale intereselor clienților, respectarea caracterului privat a informațiilor pe care îl dețin insiderii băncii și a transparenței tranzacțiilor efectuate de către angajații băncii pe piața financiară.

**Codul de Etică** are drept scop promovarea unor valori în cadrul băncii, cum ar fi integritatea, confidențialitatea, transparența și diligența, în vederea îmbunătățirii calității serviciilor oferite și protejării reputației băncii. Codul definește, de asemenea, un set de principii și standarde etice de comportament personal și profesional al angajaților.

**Politica privind conflictul de interese** definește unele principii și cerințe de bază, de care se conduce banca în procesul de identificare și soluționare a situațiilor cu conflict de interese.

**Politica antifraudă** stabilește un cadru intern de reglementare pentru prevenirea și gestionarea cazurilor de fraudă și ale actelor de corupție la nivelul băncii, reglementează instituirea unor canale de raportare a suspiciunilor de fraudă de către angajații băncii, cu scopul minimizării riscurilor interne și externe de fraudă și promovarea unor standarde profesionale înalte de transparență, etică și integritate.

În anul 2016 a fost pus un accent sporit pe transparență și gradul de dezvăluire publică a informațiilor ce țin nemijlocit de activitatea băncii. Dezvăluirea oportună a informației contribuie la familiarizarea și conștientizarea de către publicul larg a structurii și a activităților băncii, a politicilor corporative și a performanțelor acesteia.

Pe parcursul anului 2016 a fost sporită capacitatea băncii de a asigura îndeplinirea atribuțiilor sale ce țin de domeniul prevenirii și combaterii spălării banilor și finanțării terorismului, ca parte componentă a conformității prin revizuirea Politicii băncii în domeniul prevenirii și combaterii spălării banilor și finanțării terorismului, precum și a procedurilor interne aferente.

**Politica în domeniul prevenirii și combaterii spălării banilor și finanțării terorismului** asigură aplicarea măsurilor de identificare și prevenire a tentativelor de spălare a banilor, finanțare a terorismului, implicarea în infracțiuni financiare, acte de corupție și a altor tranzacții care contravin normelor și principiilor acceptabile în activitatea bancară. Politica stipulează

on Preventing and Fighting Money Laundering and Terrorism Financing, are the main internal normative documents of the bank's Compliance Department.

**The Compliance Policy** defines the key elements in the elaboration and functioning of the compliance framework, namely involvement of the Bank's Council and Management Board, independence of the compliance function, responsibilities of each employee, as well as the compliance principles, such as the bank's employees observing and promoting professional conduct, complying with the applicable laws, rules, regulations and professional standards, avoiding conflicts of interest, ensuring confidentiality while exercising their duties, protecting the bank's assets and interests of customers, respecting the privacy of information and the transparency of transactions the bank's employees make on the financial market.

**The Code of Ethics** is aimed at promoting certain values within the Bank, such as integrity, confidentiality, transparency and diligence, in view of improving the quality of services provided and protecting the Bank's reputation. The Code also defines a set of ethical standards and principles of the employees' personal and professional behavior.

**The Conflict of Interests Policy** defines the main principles and requirements which the Bank abides by while identifying and resolving cases of conflict of interests.

**The Anti-Fraud Policy** establishes an internal regulatory framework to prevent and manage cases of fraud and acts of corruption in the bank, regulates the establishment of channels for the bank employees to communicate fraud suspicions, with the purpose of minimizing internal and external fraud risks and promoting high professional standards of transparency, ethics and integrity.

In 2016, the bank laid strong emphasis on transparency and the degree of public disclosure of information directly related to the bank's activity. Appropriate disclosure facilitates the understanding and familiarization of the general public with the structure and activities of the bank, corporate policies and results.

Throughout 2016, efforts were taken to build the bank's capacity to ensure the fulfillment of its obligations in the field of Preventing and Fighting Money Laundering and Terrorism Financing, as part of compliance, by reviewing the Bank's policy on Preventing and Fighting Money Laundering and Terrorism Financing and related internal procedures.

**Preventing and Fighting Money Laundering and Terrorism Financing Policy** ensures the implementation of measures to identify and prevent attempts to launder money, finance terrorism, involve in financial crimes, acts of corruption and other transactions breaching the accepted banking norms and principles. The policy

că banca se angajează să inițieze și să mențină relații de afaceri cu clienții și partenerii săi, în concordanță cu legislația aplicabilă și cu standardele din domeniu, precum sunt Recomandările 40 ale Grupului de Acțiune Financiară Internațională (FATF-GAFI) și documentele Grupului Wolfsberg aferente monitorizării tranzacțiilor, relațiilor de corespondență bancară și abordării bazate pe risc în gestionarea riscurilor de spălare a banilor.

În vederea implementării cu succes a politicilor și a altor reglementări interne în domeniul conformității, pe parcursul anului 2016 au fost intensificate programele de instruire pentru angajații băncii, în mod special pentru noii angajați. Aceste programe includ, în mod particular, instruirii în domeniul antifraudă, în domeniul prevenirii și combaterii spălării banilor și finanțării terorismului și respectării Codului de Etică.

### **FUNCȚIA DE AUDIT INTERN**

Auditul intern este parte integrantă a sistemului de control intern, aflat sub responsabilitatea directă a Consiliului băncii și diferă de funcția de control primar, care asigură controlul zilnic asupra tranzacțiilor și operațiunilor.

Funcția de audit intern are drept scop realizarea cel puțin a următoarelor obiective:

- a) asigurarea controlului respectării politicilor și procedurilor interne ale băncii în cadrul tuturor activităților și structurilor;
- b) evaluarea calității politicilor și procedurilor interne, inclusiv de control, astfel încât acestea să fie suficiente și adecvate activității desfășurate de către bancă;
- c) emiterea recomandărilor privind îmbunătățirea proceselor de gestiune a riscurilor, de control și de conducere a activității băncii.

În vederea asigurării eficienței funcției de audit intern o importanță considerabilă o au independența față de managementul operațional și raportarea directă Consiliului băncii, accesul la informație și regimul de comunicare a datelor, nivelul profesional al personalului și cultura corporativă, implementarea în termene rezonabile a recomandărilor funcției de audit intern.

stipulates that the bank commits to initiate and maintain business relations with its customers and partners, in accordance with the applicable legislation and standards in the field, such as the 40 Recommendations of the Financial Action Task Force (FATF-GAFI) and the Wolfsberg Group documents on monitoring transactions, banking correspondence relations and risk-based approach to managing money laundering risks.

To back the successful implementation of policies and other bylaws regarding compliance, training programs for the bank's employees, especially for new employees, were intensified in 2016. These programs particularly include training on anti-fraud, Code of Ethics and in the field of Preventing and Fighting Money Laundering and Terrorism Financing.

### **INTERNAL AUDIT FUNCTION**

Internal audit is part of the internal control system. It reports to the Bank's Council and differs from the primary control function, which relates to the daily control of transactions and operations.

The internal audit function aims to accomplish at least the following objectives:

- a) to check the observance of the bank's internal policies and procedures within all activities and by all structures.
- b) to assess the quality of internal policies and procedures, including control ones, and ensure that they serve and pertain to the activity of the bank;
- c) to issue recommendations of improving the bank's risk, control and management processes.

To ensure an efficient internal audit function, it is highly important that factors such as independence from operational management, direct reporting to the Bank's Council, access to information and data communication mode, high professional level of personnel, corporate culture and implementation of internal audit recommendations within reasonable periods of time are taken into account.

## 1.5 Responsabilitatea social-corporativă

BC Moldova Agroindbank SA desfășoară businessul bancar la un nivel înalt, aplicând principiile responsabilității corporative în activitatea sa printr-un management responsabil și gestionează impactul acestei activități asupra comunității.

Pentru bancă, responsabilitatea socială corporativă este o nouă abordare a businessului responsabil în baza căruia construim relațiile cu părțile interesate. Ne organizăm activitatea astfel încât toți cei cu care banca interacționează să-și atingă scopurile țintite:

- clienții să obțină acces la servicii bancare de înaltă calitate, cu ajutorul cărora să-și realizeze planurile și să-și îmbunătățească nivelul de trai;
- personalul - o companie în care să-și dezvolte potențialul;
- acționarii - un obiect durabil și profitabil pentru investiții pe termen lung;
- societatea - oportunități de dezvoltare și de îmbunătățire a calității vieții.

Banca, în anul 2016, s-a implicat activ în susținerea unor proiecte de responsabilitate socială, contribuind la creșterea nivelului de trai în Republica Moldova. Astfel, reieșind din bugetul planificat pentru activitatea de filantropie și sponsorizare, banca și-a extins spectrul programelor sociale prin sponsorizarea Concursului Național "Scrisoare mamei", clubului sportiv „Petrocub” din Hâncești. Totodată, au fost susținute proiectele tradiționale. Moldova Agroindbank este apreciată pentru susținerea celor mai longevive și durabile proiecte de parteneriat, cum ar fi Festivalul Internațional "Maria Bieșu", proiectele „Burse de merit”, „Poșta lui Moș Crăciun”. A fost acordat și suport Asociației Hospice Angelus, Fundației "Clipa Siderală" și Comitetului Național Olimpic și Sportiv pentru susținerea sportului național de performanță.

Una din misiunile noastre sociale este de a produce o schimbare pozitivă în societatea moldovenească, din punct de vedere al educației copiilor și tinerilor, împreună cu angajații băncii, printr-un efort de echipă. Educația este esențială pentru progresul economic, ajută la crearea unor comunități mai puternice și inspiră tinerii să-și atingă adevăratul potențial. În context, Moldova Agroindbank a susținut Concursul Național de Business Planuri, care anual este organizat în parteneriat cu Asociația Națională a Tinerilor Manageri, acordând suport financiar pentru organizarea acestuia, precum și asistență consultativă participanților.

La fel, 50 cei mai buni studenți ai țării de la 10 instituții de învățământ superior din țară au intrat în posesia "Bursei de Merit", iar alți 30 de studenți din familii social-vulnerabile au devenit participanți ai programului "Burse pentru Viitorul Tău".

În cadrul MAIB, ne străduim să creăm mecanisme, prin care angajații să se implice permanent în acțiuni de solidaritate socială și aceasta ne reușeste.

## 1.5 Corporate social responsibility

BC Moldova Agroindbank conducts its business in line with corporate responsibility principles, making sure its impact on the community is managed with high responsibility.

To MAIB, corporate social responsibility is a new business approach we use to build relations with stakeholders. We adjust our activity so that everyone can meet their goals:

- access to high quality banking services for our customers to enforce their plans and improve living standards;
- career development opportunities for our personnel;
- a sustainable and profitable business for long-term investments for our shareholders;
- development opportunities and higher living standards at the country level.

In 2016, Moldova Agroindbank actively involved in a number of social responsibility projects, helping improve living standards in Moldova. Proceeding from its budget plan for charity and sponsorship, MAIB decided to sponsor two more social programs – National Contest "Letter to My Mother" and the Petrocub sports club from Hancesti district. Moldova Agroindbank is well known for backing some of the most long-lasting and sustainable partnership projects, such as "Maria Biesu" International Festival, "Merit Scholarships" projects and "Santa's Mail". The bank granted support to Hospice Angelus Foundation, Clipa Siderala Foundation and also to the National Olympic and Sport Committee to back professional sports.

As education of children and youth is essential to Moldova's economic progress, the bank and its employees have been taking team efforts to accomplish an important social mission and bring a positive change to the Moldovan society, by inspiring young people to reach their true potential and create a better community. In this context, Moldova Agroindbank provided financial support in the organization of the National Contest of Business Plans, in partnership with the National Association of Young Managers, and provided consultancy support to its participants.

The bank also awarded Merit Scholarships to 50 best students from 10 Moldovan higher education institutions, while 30 students from socially-vulnerable families entered the Scholarships for Your Future program.

MAIB is also successful in building mechanisms to keep its employees motivated and actively involved in social solidarity actions.

## 1.6 Resursele umane

Politica în domeniul managementului resurselor umane are ca scop promovarea dimensiunii strategice a funcțiunii de resurse umane și este orientată spre formarea și menținerea unui personal fidel, de o înaltă calificare, motivat, bine instruit și organizat, capabil să răspundă prompt schimbărilor în piață și cerințelor generate de atingerea obiectivelor băncii și de așteptările clienților, apt să mențină poziția de lider incontestabil pe piața financiar-bancară a țării.

Procesul de lichidare silită a 3 bănci (Banca de Economii, Banca Socială, Unibank) inițiat în toamna anului 2015 a condiționat revizuirea de către bancă a politicilor sale și trasarea unor acțiuni, inclusiv în domeniul resurselor umane.

Pentru a susține creșterea afacerii băncii, pe parcursul anului 2016, banca a continuat angajarea și dezvoltarea personalului necesar. Astfel, la 31.12.2016, numărul total al salariaților băncii a constituit 2,153 față de 2,020 la data de 31.12.2015. Rata de fluctuație a personalului băncii, în anul 2016, a constituit 13.4% față de 11.3% în anul 2015. Vârsta medie a angajaților băncii la data de 31.12.2016 a fost de 36.8 ani (la 31.12.2015 – 37.12 ani).

Banca a continuat politica de investiții în capitalul uman prin perfecționarea seminarului pentru salariații noi angajați și îmbunătățirea competențelor tehnice, soft-skills și manageriale, iar unor specialiști ai băncii le-a fost acordată posibilitatea de acumulare a experienței prin participarea la evenimente internaționale (seminare, conferințe, vizite de studiu, etc.) organizate în Rusia, România, Ungaria, Cehia, Germania, Luxembourg, etc. În anul 2016, în instruire au fost investiți circa 2.1 mil.lei.

Acțiunile de fidelizare, motivare, dezvoltare și eficientizare a personalului băncii vor reprezenta prioritățile anului 2017, iar măsurile întreprinse vor fi în corelație cu procesul de implementare a Proiectului de transformare a băncii, precum și cu evoluția evenimentelor și a mediului concurențial.

## 1.6 Human Resources

The HR management policy aims at promoting the strategic dimension of the HR function and is focused on developing and maintaining a highly qualified, motivated, trained, organized and loyal staff, able to promptly react to market changes and to the requirements stemming from the need to meet the bank's objectives and customers' expectations, able to maintain the bank's leadership position on Moldova's banking and financial market.

The economic, social and political situation in the country and the major changes on the banking market which took place in 2015 – liquidation of 3 banks (Banca de Economii, Banca Sociala, Unibank) - prompted the bank to review its policies, including in the field of human resources.

To back the growth of its business, the bank continued to employ and expand its personnel throughout 2016. As of 31.12.2016, the total number of bank employees was 2,153, compared to 2,020 as of 31.12.2015. Staff fluctuation ratio was 13.4% in 2016 compared to 11.3% in 2015. As of 31.12.2016, the average age of bank employees was 36.8 (compared to 37.12 as of 31.12.2015).

In 2016, the bank continued its human capital investment policy, allotting approximately 2.1 million lei to this end. It enhanced training for new employees and improved the technical, soft and management skills of the existing staff. Some of the bank's specialists were offered the opportunity to exchange experience and participate in international events (workshops, conferences, study visits, etc.) in Russia, Romania, Hungary, Czech Republic, Germany, Luxembourg, etc.

Measures to strengthen loyalty, motivate, develop and optimize the efficiency of the bank's staff will remain priorities for 2017, and actions taken will be in correlation with the evolution of events and the competition environment, as well as with the bank's transformation project.



## 2. MEDIUL ECONOMIC ȘI BANCAR ÎN 2016

### 2016 BACKGROUND

#### 2.1 Mediul de afaceri

În anul 2016, economia Republicii Moldova, chiar dacă a dat primele semne de revigorare, a rămas vulnerabilă în fața unui șir de factori atât interni, cât și externi: sancțiunile reciproce dintre Federația Rusă și Uniunea Europeană, restricțiile impuse la importul unor produse agricole din Moldova de către autoritățile de resort din Federația Rusă și recesiunea din această țară, criza din Ucraina, problemele din sectorul bancar, diminuarea continuă a volumului transferurilor bănești ale persoanelor fizice din străinătate, etc. În rezultat, activitatea sectorului industrial a stagnat, iar investițiile s-au diminuat semnificativ. Totodată, datorită condițiilor climatice favorabile, volumul producției agricole s-a majorat considerabil. De asemenea, au apărut primele semnale de ameliorare în comerțul exterior. Politica monetară rigidă a Băncii Naționale a Moldovei (BNM) a condus la diminuarea ratei inflației și deprecierea neînsemnată a valutei naționale. Indicatorii sociali, de asemenea, s-au îmbunătățit: în termeni reali veniturile populației au crescut neesențial, dar cheltuielile s-au micșorat, salariul mediu lunar a înregistrat o ușoară creștere, numărul șomerilor s-a micșorat.

În anul 2016, PIB a constituit în valoare nominală 134.5 mlrd. lei, prețuri curente de piață, fiind în creștere - în termeni reali - cu 4.1% față de anul 2015.

În luna decembrie 2016, rata inflației a constituit 2.4% față de decembrie 2015, înregistrând o diminuare cu 11.2 p.p. comparativ cu rata inflației în aceeași perioadă a anului 2015. Diminuarea prețurilor de consum a fost determinată, în general, de stabilitatea cursului de schimb, precum și diminuarea prețurilor mondiale la resursele energetice și produsele agricole. Indicele prețurilor de consum (IPC) mediu anual a constituit 106.4%.

#### 2.1 Business environment

Despite recovery signs, Moldova's economy was still vulnerable to a range of internal and external factors in 2016, such as mutual sanctions between Russia and the EU, Russia's trade restrictions on Moldovan agricultural goods, economic downturn in Russia, crisis in Ukraine, problems in the banking sector and also the continuous decrease in remittances. Consequently, the industrial sector stagnated and investments decreased significantly. At the same time, favorable weather conditions caused a major increase in the agricultural output and foreign trade slightly improved. The tough monetary policy of the National Bank of Moldova helped diminish inflation rate, triggering an insignificant depreciation of the national currency. Social indicators also improved. In real terms, household income raised insignificantly, expenditure decreased, the monthly average salary slightly increased and the number of unemployed decreased.

The nominal value of the Gross Domestic Product (GDP) stood at 134.5 billion lei in 2016, in current market prices, up by 4.1%, in real terms, against 2015.

Inflation rate stood at 2.4% in December 2016, going down by 11.2 percentage points against December 2015. The decrease in consumption prices was generally caused by the exchange rate stability and decline in global energy and agriculture prices. The average annual consumer price index (CPI) was 106.4%.

### PRODUSUL INTERN BRUT

#### GROSS DOMESTIC PRODUCT



**Moneda națională** s-a apreciat, la finele anului 2016, față de EUR cu 2.7%, iar față de dolarul SUA s-a depreciat cu 1.6%. Principalii factori care au determinat fluctuațiile monedei naționale au fost: diminuarea exporturilor și remiterilor valutare de peste hotare, oscilațiile dolarului SUA pe piețele valutare internaționale și politica monetară strictă a BNM.

**Comerțul extern**, în anul 2016, a însumat 6,066 mil. USD, fiind în creștere cu 1.9% comparativ cu anul trecut. Exporturile au constituit 2,045 mil. USD, majorându-se cu 4%, în timp ce importurile în valoare de 4,020 mil. USD au sporit cu 0.8% față de anul 2015.

Ponderea exporturilor către UE este de 65.1% (61.9% în anul 2015), către CSI 20.3% (25.0% în anul 2015). Reexporturile de mărfuri au avut o valoare de 694 mil USD, care echivalează cu o cotă de 34% în total exporturi. Gradul de acoperire a importurilor cu exporturi a fost de 50.9% comparativ cu 49.3% în anul 2015.

Deficitul balanței comerciale în anul 2016 a fost de 1,975 mil. dolari SUA, cu 2.2% mai mic decât cel înregistrat în anul 2015.

**Transferurile de mijloace bănești** în favoarea persoanelor fizice prin băncile din Republica Moldova (în bază netă) s-au redus în 2016 cu 4.4% față de 2015 și au totalizat cca 1,079 mil. USD. În structura transferurilor în bază netă în anul 2016, ponderea majoră revine transferurilor în USD – 50.5%, urmate de transferuri în EUR – 36.5% și în RUB – 13.0%

**Masa monetară (M3)**, la sfârșitul lunii decembrie 2016, a constituit circa 70.5 mlrd. lei și s-a majorat cu 10.2% comparativ cu 31.12.2015.

Volumul de **bani în circulație (M0)** a constituit 17.2 mlrd. lei și a crescut cu 11.4% față de situația de la sfârșitul lunii decembrie 2015.

**Baza monetară** (banii lichizi în circulație, rezervele băncilor comerciale la BNM, depozitele întreprinderilor de stat), la finele anului 2016, a constituit 33.2 mlrd. lei, fiind cu 12% mai mare decât la sfârșitul anului 2015.

The **national currency** (Moldovan leu) strengthened by 2.7% against Euro and depreciated by 1.6% against US Dollar in late 2016. Such fluctuations were mainly influenced by the decrease in exports and remittances, volatility of the US Dollar on foreign exchange markets and also by the tough monetary policy of the National Bank of Moldova.

**Foreign trade** stood at USD 6,066 million in 2016, up by 1.9 % against 2015. Exports accounted for USD 2,045 million, up by 4%, whereas imports reached USD 4,020 million, increasing by 0.8 % against 2015.

The share of exports to the EU accounted for 65.1% against 61.9% in 2015. Exports to the Commonwealth of Independent States (CIS) stood at 20.3% against 25.0% in 2015. Re-exports reached USD 694 million, accounting for 34% of total exports. The ratio of import coverage by exports stood at 50.9% against 49.3% in 2015.

The commercial trade balance deficit fell by 2.2% against 2015, reaching USD 1,975 million in 2016.

In 2016, the net amount of **remittances** to Moldova fell to USD 1,079 million, down by 4.4% compared to 2015. USD transfers held the largest share in the total net amount of remittances in 2016, reaching 50.5%, followed by EUR transfers with 36.5% and RUB with 13.0%.

**The monetary supply (M3)** hit approximately MDL 70,5 billion in late December 2016, up by 10.2% against 31.12.2015.

The volume of **money in circulation (M0)** increased by 11.4% against late December 2015, standing at MDL 17,2 billion.

**The monetary base** (liquid money in circulation, reserves of commercial banks at the BNM, deposits of state enterprises) was 33,2 billion lei, 12% more than in late 2015.

## RATA INFLATIEI (%)

### INFLATION RATE (%)



## 2.2 Evoluția sistemului bancar

La 31.12.2016, sistemul bancar a rămas numeric constant, pe piață activând 11 bănci licențiate de Banca Națională a Moldovei, inclusiv 4 sucursale ale băncilor și grupurilor financiare străine. Cca 90% din cota de piață la indicatorii de bază revin primelor 6 bănci (Moldova Agroindbank, Moldindconbank, Victoriabank, Mobiasbancă, Eximbank și ProCreditBank), iar primele 3 bănci dețin cca 70%.

Mediul de afaceri în sectorul bancar, în anul 2016, s-a caracterizat prin:

- relaxarea treptată a politicii monetare de către BNM, prin diminuarea graduală a ratei de bază și a ratei dobânzii la creditele și depozitele overnight (cu 10.5 p.p. în total în decembrie 2016 față de decembrie 2015). Rata rezervelor obligatorii din mijloacele atrase în lei moldovenești a fost menținută la nivelul de 35.0%, iar rata rezervelor obligatorii din mijloacele atrase în valută liber convertibilă – la nivelul de 14.0%;
- evoluția diferită a proceselor de creditare și economisire: volumul creditelor noi acordate s-a redus cu 12.8%, în timp ce volumul depozitelor noi atrase s-a majorat cu 5.6% față de perioada similară a anului precedent;
- stagnarea activității de creditare – cauzată de situația economică din țară, involuția sectorului real al economiei, lipsa cererii la credite, precum și rata medie a dobânzii înaltă la credite. Băncile au majorat investițiile în valori mobiliare (certIFICATELE BNM și valorile mobiliare de stat) de 2 ori;
- deteriorarea calității activelor la nivel de sistem pe fondul devierilor de la funcționarea normală a economiei;
- intervenții ale autorităților regulatorii în vederea asigurării respectării de către bănci a principiilor de transparență a acționarilor și a exigențelor de calitate prevăzute de legislația Republicii Moldova.

Potrivit datelor BNM, la 31.12.2016, sectorul bancar a înregistrat următoarele rezultate:

**Activele totale** au constituit 73.0 mil. lei, majorându-se cu 6.0% comparativ cu finele anului precedent.

**Creditele brute** ale sistemului bancar au constituit 47.7% în totalul activelor sau 34.8 mil. lei, micșorându-se pe parcursul anului 2016 cu 9.0%.

**Ponderea creditelor neperformante** în totalul creditelor s-a majorat cu 6.4 p.p, constituind 16.3% la 31.12.2016.

Media **suficienței capitalului** ponderat la risc a constituit 30.3%, în creștere cu 4.0 p.p. comparativ cu finele anului precedent, indicator respectat de toate băncile (limita pentru fiecare bancă ≥16%).

**Capitalul de gradul I** a constituit 9.4 mlrd. lei și pe parcursul anului 2016 a înregistrat o creștere de 4.8% (0.4 mlrd. lei). Creșterea capitalului de gradul I a fost generată în principal de obținerea profitului în valoare de 1.5 mlrd. lei. Totodată, mărirea capitalului

## 2.2 Banking System Development

As of 31 December 2016, the same 11 banks licensed by the National Bank of Moldova continued to operate on the market, including four branches of foreign banks and financial groups. Almost 90% of the market share for the main indicators belong to the first six banks (MAIB, Moldindconbank, Victoriabank, Mobiasbanca, Eximbank and ProCreditBank), whereas the first three ones hold almost 70% of it.

The following are the main characteristics of the business environment in the banking sector in 2016:

- gradual easing of the monetary policy by the BNM, through a gradual decrease in the base rate and interest rate on loans and overnight deposits (by 10.5 percentage points totally in December 2016 against December 2015). The mandatory reserve in MDL was kept at 35.0 %, while foreign currency reserve rate stood at 14.0%.
- different development of lending and savings processes: the amount of newly issued loans fell by 12.8%, while the amount of newly attracted deposits went up by 5.6 % against the same period of 2015;
- stagnation of lending was caused by the economic crisis in the country, as well as the recess of the real sector of the economy, lack of demand for loans and also a high average interest rate on loans. Banks doubled their investments in securities (BNM certificates and state transferable securities);
- deterioration of asset quality throughout the system, caused by economic downturn.
- intervention of regulatory authorities to ensure that banks observe transparency principles of shareholders and quality requirements provided for by the Moldovan legislation;

According to BNM data, the banking sector registered the following results as at 31.12.2016:

**Total assets** amounted to MDL 73.0 billion, up by 6.0% against late 2016.

**Gross loans** of the banking system accounted for 47.7% of the total amount of assets, or MDL 34.8 billion, falling by 9.0% in 2016.

The **share of non-performing loans** increased by 6.4 percentage points, accounting for 16.3% of the total loans as of 31 December 2016.

The **risk-weighted capital adequacy ratio** stood at 30.3%, up by 4.0 percentage points, against late 2016. This is an indicator observed by all banks (limit for each bank ≥16%).

**Tier I Capital** constituted MDL 9.4 billion and increased by 4.8% (MDL 0.4 billion) over 2016. The increase was mainly due to a rise in profit of MDL 1.5

a fost influențată negativ de reclassificarea creditelor (majorarea provizioanelor cu 41.7% sau 723.0 mil. lei).

La 31.12.2016, profitul aferent exercițiului a însumat 1.5 mil. lei. Comparativ cu perioada similară a anului precedent, profitul s-a majorat cu 28.2%, în cea mai mare parte, din contul majorării veniturilor din dobânzi cu 13.9%. Concomitent, veniturile neaferente dobânzilor s-au micșorat cu 9.5%.

Rentabilitatea activelor și rentabilitatea capitalului la 31.12.2016 au constituit 2.0% și respectiv 11.9% (în creștere cu 0.3 și 1.8 p.p. respectiv).

Valoarea **indicatorului lichidității pe termen lung** (principiul I al lichidității) a constituit 0.6, fiind practic la același nivel cu finele anului precedent. **Lichiditatea curentă** (principiul II al lichidității) s-a majorat cu 7.5 p.p., constituind 49.2%.

**Soldul depozitelor**, conform rapoartelor prudențiale la 31.12.2016, a crescut cu 9.2% în perioada de referință, constituind 54.8 mil. lei (depozitele persoanelor fizice au constituit 68.8% din total depozite, depozitele persoanelor juridice – 31.0% și depozitele băncilor – 0.4%). Cea mai mare contribuție la sporirea soldului depozitelor au avut-o depozitele persoanelor fizice, care au crescut cu 2.7 mil. lei (cu 7.6%), ceea ce denotă menținerea credibilității sectorului bancar autohton. Concomitent, soldul depozitelor persoanelor juridice a crescut cu 2.0 mld. lei (cu 13.2%).

În anul 2016 distribuția cotelor de piață deținute de către băncile comerciale a fost influențată de lichidarea celor trei bănci. Moldova Agroindbank și-a menținut poziția de lider și a înregistrat următoarele cote de piață la 31.12.2016:

- **active – 27.1%;**
- **credite bruto – 30.5%;**
- **depozite total – 28.1%;**
- **depozite persoane fizice – 30.2%;**
- **profitul net - 27.5%.**

billion. However, loan re-classification had a negative impact on the size of the capital (a 41.7% or MDL 723.0 million increase in provisions).

As of 31.12.2016, the banking sector recorded a profit of MDL 1.5 billion, up by 28.2% against December 2015, which was mainly due to an increase in interest revenues of 13.9%. At the same time, non-interest revenues decreased by 9.5%.

Return on assets and return on capital, as of 31.12.2016, accounted for 2.0% and 11.9%, respectively (up by 0.3 and 1.8 percentage points, respectively).

**The long-term liquidity ratio** was 0.6, being almost the same as in 2015. **Current liquidity** (Principle II on liquidity) went up by 7.5 percentage points, hitting 49.2%.

As of 31.12.2016, **the balance of deposits** increased by 9.2% in 2016, according to prudential reports, and reached MDL 54.8 billion (retail deposits constituted 68.8% of the total amount, deposits from legal entities – 31.0% and bank deposits – 0.4%). Retail deposits had the largest contribution to the increase in the balance of deposits, going up by MDL 2.7 billion (7.6%), which shows that the credibility of the Moldovan banking sector has been maintained. At the same time, the balance of deposits from legal entities increased by MDL 2.0 billion (13.2%).

The distribution of commercial banks' shares on the banking market in 2016 was influenced by the liquidation of three banks. Moldova Agroindbank kept its leading position, holding the following market shares as of 31.12.2016:

- **assets – 27.1%;**
- **gross loans – 30.5%;**
- **total deposits – 28.1%;**
- **private deposits – 30.2%;**
- **net profit - 27.5%.**

## 3. ACTIVITATEA SUBUNITĂȚILOR BĂNCII ACTIVITY OF SUB-UNITS

### 3.1 Activitatea Corporativă și Investiții

#### ACTIVITATEA CORPORATIVĂ

În cei peste 14 ani de activitate, Diviziunea Activitate Corporativă a acumulat o experiență bogată în dezvoltarea relațiilor stabile și reciproc avantajoase de parteneriat cu clienții corporativi. Astfel, au fost atinse obiectivele care au stat la baza creării Diviziunii Corporative - gestionarea mai bună a relațiilor cu clienții corporativi, acordarea suportului eficient în activitatea acestora printr-o abordare individuală, oferirea produselor și serviciilor bancare ajustate la necesitățile clienților.

Portofoliul de clienți corporativi ai băncii cuprinde companii mari, cu dezvoltare stabilă, precum și companii cu potențial de creștere din sectoarele de bază ale economiei naționale: comerț - 49% de clienți, industria alimentară - 14%, industria nealimentară - 7%, agricultură - 6%, transport - 6%. Circa 62% din clienții corporativi sunt loiali băncii mai mult de 5 ani.

Relațiile băncii cu clienții corporativi au cunoscut o dezvoltare continuă și în 2016, fiind atrași la deservire 16 clienți corporativi noi. Vânzările de produse bancare clienților corporativi au fost influențate, în 2016, de un șir de factori, cum ar fi stagnarea activității economice în sectoarele de producție industrială, în construcții și transport, pasivitatea investițională, politica de creditare a băncii mai prudentă în raport cu expunerile mari și concentrările în anumite industrii, cerințele mai dure față de solvabilitatea solicitanților de credite, etc.

Drept urmare, portofoliul de credite acordate clienților corporativi a înregistrat, la sfârșit de an, o scădere față de începutul anului cu circa 447 mil. MDL. La 31.12.2016, soldul creditelor acordate clienților corporativi a constituit 6,586 mil. MDL, având o pondere de 61.6% în portofoliul total de credite al băncii.

### 3.1 Corporate and Investment Operations

#### CORPORATE OPERATIONS

In over 14 years of activity, the Corporate Division managed to amass extensive experience in the development of mutually advantageous and stable partnership relations with the bank's corporate customers. Thus, the Corporate Division reached its fundamental goals: better management of customer relations, efficient support based on customer-tailored approach and provision of banking products and services adjusted to their needs.

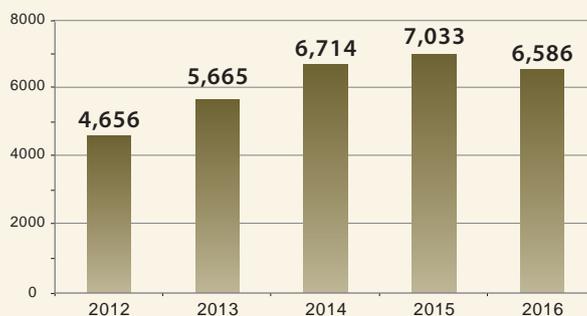
MAIB's Corporate Client Portfolio includes large and highly developed companies, as well as companies with growth potential from key areas of Moldova's economic sectors. As many as 49% of all customers come from the trade sector, 14% from the food industry, 7% from the non-food industry, 6% from the agricultural sector and 6% from transports. Almost 62% of corporate customers have been loyal to the bank for more than five years.

MAIB's relations with its corporate customers have continuously evolved in 2016, as it attracted 16 more new corporate customers. Factors like stagnation in the industrial, constructions and transports sectors, low investment, a more cautious lending policy of the bank to avoid high exposures and concentrations in certain industries, as well as tougher creditworthiness requirements influenced sales of banking products to corporate customers in 2016.

As a result, the corporate loan portfolio fell by MDL 447 million in late 2016, against early 2016. As of 31.12.2016, the balance of loans granted to corporate client stood at MDL 6,586 million, holding a 61.6% share in the bank's total loan portfolio.

PORTOFOLIUL DE CREDITE,  
AL CLIENȚILOR CORPORATIVI  
(milioane MDL)

**CORPORATE LOAN PORTOFOLIO**  
(million MDL)



Circa 29% din creditele acordate au fost destinate pentru scopuri investiționale, restul – pentru finanțarea activității curente.

Genul de activitate cu cea mai mare pondere în portofoliul de credite (32%) a fost comerțul. Ponderi semnificative revin și industriei alimentare (26%), industriei nealimentare (12%), transportului și comunicațiilor (10%).

În ce privește calitatea creditelor acordate clienților corporativi, reducerile pentru pierderi la credite au constituit, la 31.12.2016, 11.7% (conform SIRF), majorându-se cu 4.1 p.p. față de finele anului precedent.

Tranzacțiile documentare (garanții bancare, acreditive documentare, etc.) au înregistrat un volum de 27,972 mii USD, fiind cu 456 mii USD mai puțin față de 2015.

Venitul total obținut din vânzarea produselor bancare a fost de circa 739.7 mil. MDL, ponderea principală (cca 83%) fiind obținută din activitatea de creditare.

Încrederea clienților corporativi față de Moldova Agroindbank s-a manifestat și prin creșterea soldului depozitelor bancare. La 31.12.2016, portofoliul de depozite al clienților corporativi a constituit 1,632 mil. MDL, cu 390 mil. MDL (31%) mai mult față de începutul anului, în special, datorită creșterii soldului la depozitele în valută străină.

Depozitele la termen au constituit 34% din soldul total al depozitelor, restul fiind disponibilități în conturile bancare curente.

Ponderea depozitelor în monedă națională a constituit 39%, în valută străină – 61%.

Almost 29% of loans were issued for investment purposes, the rest of them being used to finance current activity.

Most loans were issued to the trade sector (32%). The food industry benefitted from 26% of all issued loans, non-food industry from 12% and transports and communications industry from 10%.

As for the quality of the corporate loan portfolio, credit loss allowances reached 11.7% (according to IFRS) as of 31.12.2016, going up by 4.1% against 2015.

Documentary transactions (bank guarantees, letters of credit, etc.) stood at USD 27,972,000, which is USD 456,000 less against 2015.

The total amount of revenues from the sale of banking products stood at almost MDL 739.7 million, with the main share (almost 83%) coming from lending.

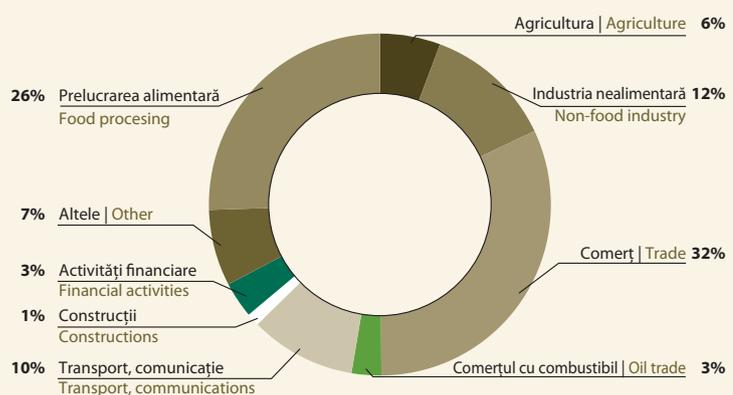
The increase in the balance of bank deposits proves corporate customers' confidence in MAIB. As of 31.12.2016, the corporate loan portfolio amounted to MDL 1,632 million, by MDL 390 million (31%) more against early 2016, mainly due to an increase in the balance of foreign currency deposits.

Fixed-term deposits accounted for 34% of the total balance of deposits.

Deposits in Moldovan lei accounted for 39% of all deposits, whereas foreign currency deposits accounted for 61%.

## STRUCTURA PORTOFOLIULUI DE CREDITE DUPĂ RAMURI

### LOAN PORTFOLIO PER INDUSTRIES



## PORTOFOLIUL DE DEPOZITE, AL CLIENȚILOR CORPORATIVI (mil. MDL)

### CORPORATE DEPOSITS PORTFOLIO (million MDL)



Volumul operațiunilor curente ale clienților prin conturile bancare au înregistrat, de asemenea, creșteri, fiind obținut un venit total neafert dobânzilor, în sumă de 124.5 mil. MDL (104% din planul stabilit).

În ultimii ani se atestă un interes continuu al clienților față de deservirea bancară la distanță. Astfel, 92% din clienții corporativi sunt abonați la Internet-Banking, iar 91% din tranzacțiile efectuate prin conturile curente sunt derulate electronic.

Obiectivele Diviziunii Activitate Corporativă pentru anul 2017 sunt următoarele:

- valorificarea oportunităților pieței prin atragerea unor clienți corporativi noi, cu activitate stabilă, profitabilă și necesități de finanțare viabile;
- creșterea continuă a volumului de vânzări, inclusiv prin ajustarea condițiilor produselor și serviciilor bancare la necesitățile clienților;
- îmbunătățirea calității portofoliului de credite.

Scopul principal este consolidarea poziției băncii pe segmentul corporativ și crearea unei valori sporite și durabile în timp.

### ACTIVITATEA DE INVESTIȚII

Activitatea profesionistă pe piața de capital a BC Moldova Agroindbank SA a fost desfășurată în baza licenței de Societate de Investiții de categoria "C" acordată băncii, în anul 2015, de către Comisia Națională a Pieței Financiare pe un termen nelimitat, cu dreptul de a desfășura un spectru larg de servicii și activități de investiții.

Activitatea operațională a băncii, pe parcursul anului 2016, a fost organizată în baza Politicii Investiționale aprobate pentru această perioadă. Pentru anul 2016, a fost prevăzută aplicarea unei strategii flexibile de administrare a portofoliului în dependență de conjunctura pieții. Participarea băncii la piața de capital prin efectuarea investițiilor financiare are drept obiectiv diversificarea operațiunilor active ale băncii prin valorificarea surselor alternative de venituri. La finele anului de gestiune, portofoliul investițional, în conformitate cu Standardele Internaționale de

The amount of current banking customer operations increased as well, registering non-interest revenues of MDL 124.5 million (104% of the plan).

Customers displayed continuous interest in remote banking services over the past years. Thus, 92% of the bank's corporate customers are subscribed to Internet-Banking and 91% of banking transactions are made online.

The Corporate Division has set the following goals for 2017:

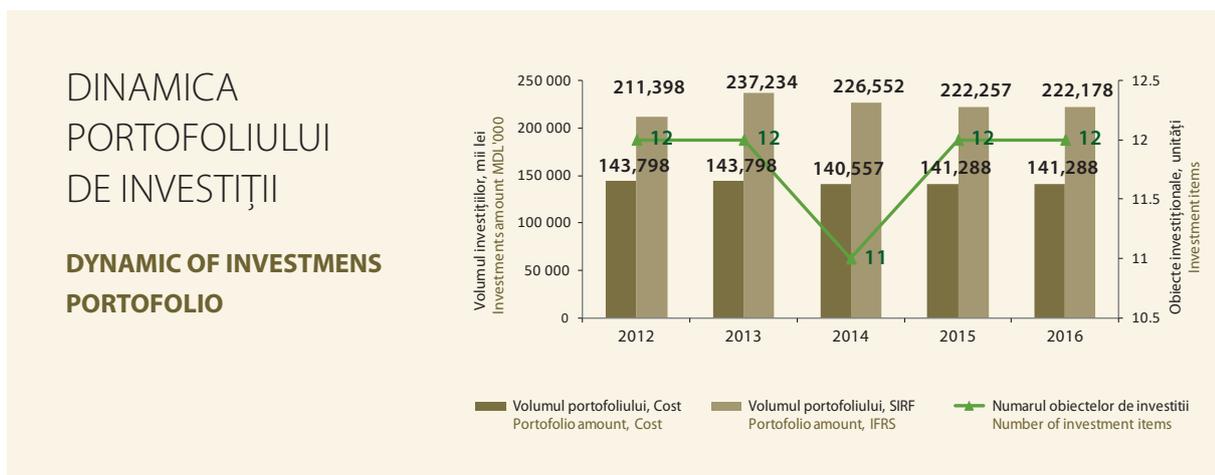
- turn market opportunities to good account and attract new corporate customers, able to provide a steady and profitable activity, along with viable financing needs;
- ensure a continuous increase in sales volume and adjust banking product and service requirements to client needs;
- improve the quality of the credit portfolio;

The main objective is to consolidate the position of Moldova Agroindbank on the corporate segment and add enhanced and long-lasting value to it.

### INVESTMENT

Moldova Agroindbank operated on the capital market on the basis of the class C license issued in 2015 by the National Securities Commission, being entitled to conduct a wide range of services and investment activities.

The bank's investment operations in 2016 were based on the Investment Policy approved for this period. The bank had a flexible strategy of managing its investment portfolio depending on the situation on the market. The bank's participation on the capital market by conducting financial investments was in line with the objective of diversifying the bank's operations by capitalizing alternative income sources. According to International Financial Reporting Standards, MAIB's investment portfolio



Raportare Financiară, a înregistrat valoarea de 222,178 mii lei. Banca deține cote de participare în 12 companii din diverse sectoare ale economiei, dintre care 10 companii sunt participanți ai economiei naționale și 2 companii sunt participanți ai unor economii internaționale (SUA și Belgia).

În vederea minimizării riscului investițional, banca a aplicat în măsura oportunităților investiționale oferite de piața autohtonă de capital strategia de diversificare a portofoliului. Cea mai însemnată cotă din portofoliul băncii revine investițiilor în compania fiică „MAIB-Leasing” SA, iar ponderi semnificative sunt deținute de valorile mobiliare ale întreprinderilor din industria prelucrătoare, în speță ale companiilor de fabricare a zahărului, produselor din sticlă, precum și în societăți a căror activitate este clasificată drept alte intermediari financiare.

Scopul primordial al politicii investiționale l-a constituit monitorizarea activității obiectelor de investiții, prin promovarea unor metode de management al întreprinderilor, care au ca drept obiectiv contribuirea la influențarea dinamică și constructivă, astfel încât managementul unităților economice să se manifeste în activitatea sa prin transparență și profesionalism. Materializarea acestui deziderat conduce la sporirea eficienței activității acestor entități și, implicit, poate avea ca efect majorarea valorii de piață a cotelor de participare deținute de bancă, administrarea eficientă a obiectelor de investiții prin promovarea unor modele de management al întreprinderilor, care au ca obiectiv capitalizarea permanentă a obiectelor investiționale și obținerea veniturilor.

O atenție deosebită în realizarea politicii investiționale a băncii a fost acordată prestării de servicii pe piața de capital, accentul fiind pus pe calitatea și eficiența serviciilor prestate. Astfel, în anul 2016, Departamentul Investiții Corporative (DIC) și-a desfășurat activitatea pe piața de capital în direcția prestării și promovării serviciilor de executare a ordinelor privind instrumentele financiare în numele clienților și în cont propriu.

was MDL 222,178,000 at the end of 2016, with the bank having equity interests in 12 companies from various economic sectors, 10 of them being part of the national economy and two being participants of foreign economies (USA and Belgium).

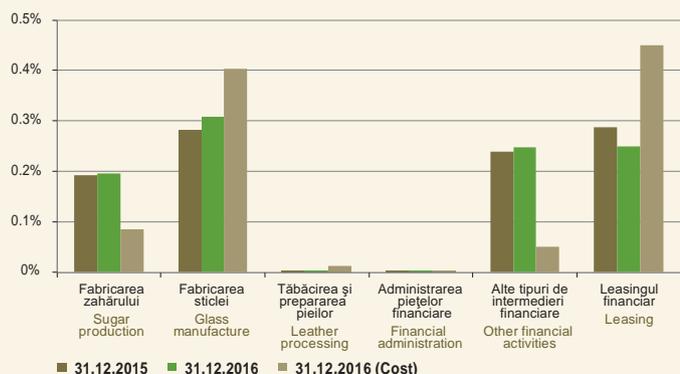
In order to minimize investment risks, the bank applied the portfolio diversification strategy to the extent to which the local capital market offered investment opportunities. The lion's share of the bank's investment portfolio goes to its daughter-company MAIB-Leasing, with the bank also holding significant equity interests in enterprises operating in the processing industry, in particular sugar procession, glass production, as well as societies dealing with financial intermediation.

The main goal of the investment policy was to monitor the activity of the investment-backed companies by promoting enterprise management mechanisms in order to constructively and dynamically influence them so that their management sticks to the principles of transparency and professionalism. The fulfillment of this goal leads to a higher efficiency of these entities and hence may prompt an increase in the market value of the bank's equity, a more efficient management of the investment-backed companies through the promotion of enterprise management mechanisms whose goal is to permanently capitalize investment-backed companies and gain income.

While implementing the investment policy, the bank paid special attention to providing services on the capital market, laying the emphasis on the quality and efficiency of services. Thus, in 2015, the Corporate Investments Department conducted its activity on the capital market focusing on providing and promoting services for executing orders on financial instruments on behalf of customers and on its own account.

## DINAMICA STRUCTURII PORTOFOLIULUI INVESTIȚIONAL

### THE STRUCTURE OF INVESTMENT PORTFOLIO



Pe parcursul anului de gestiune, volumul total al tranzacțiilor bursiere înregistrate la Bursa de Valori a Moldovei de către Departamentul Investiții Corporative, în condițiile prestării serviciilor de investiții pe piața de capital, a însumat cca 255,160 mii lei.

În 2016, Banca a fost din nou selectată în calitate de Societate de Investiții pentru vânzarea acțiunilor proprietate publică la Bursa de Valori a Moldovei, fiind desemnată în urma câștigării concursului anunțat de Agenția Proprietate Publică și organizat de către comisia de selectare (de concurs).

Oportunitățile sporite se asociază cu serviciile de intermediere la subscrierea/plasamentul instrumentelor financiare și de consultanță de investiții, care în condițiile atingerii unui nivel de dezvoltare a pieții de capital conferă emitenților posibilitatea atragerii mijloacelor financiare necesare pentru realizarea unor proiecte, iar investitorilor – noi instrumente financiare pentru investire.

Diversificarea și universalitatea gamei de servicii prestate va permite băncii să sporească calitatea deservirii și satisfacerii nevoilor clienților săi, contribuind în mare măsură la menținerea poziției de lider al sistemului bancar autohton. De asemenea, activitatea investițională a băncii va fi orientată spre lărgirea infrastructurii băncii, creșterea veniturilor și realizarea unei politici adecvate în acest domeniu.

In 2016, the total amount of transactions registered with the Moldovan Stock Exchange by the Corporate Investments Department was about MDL 255,160,000.

In 2016, the Bank was again selected as an Investment Society for selling public property shares at the Moldovan Stock Exchange, as it won a tender announced by the Agency for Public Property and conducted by the selection committee (of the tender).

Higher opportunities emerge from underwriting and investment consulting, which give issuers possibilities of drawing in financial means necessary for projects and to investors new financial investment tools, provided that the capital market reaches an appropriate development level.

The diversification and universality of the range of services will make it possible for the bank to improve the quality of servicing and meet its customers' needs, contributing to maintaining the position of leader of the national banking system. The investment activity will also be aimed at expanding the bank's infrastructure, increasing income and promoting an adequate policy in the field.

## DINAMICA INDICATORILOR DE BAZĂ

### DINAMIC OF MAIN RATIOS



## 3.2 Retail Banking

Ritmul de transformare a Diviziunii Activitate Retail este în creștere, fiind conștienți că vom reuși să ne modernizăm și să ne adaptăm la cerințele pieței, multiplicând viteza schimbărilor.

Rețeaua de distribuție a băncii, în anul 2016, a fost adaptată la rigorile pieței, ținând cont de potențialul economic regional. Astfel, la finele anului, rețeaua băncii număra 181 oficii, inclusiv 67 în municipiul Chișinău. Pe parcursul anului trecut au fost deschise 11 agenții noi, fiind asigurate condiții mai bune pentru clienți, și redislocate 2 filiale ale băncii. Astfel, la finele anului 2016, rețeaua băncii constituia 66 de filiale și 115 agenții, inclusiv 39 amplasate la punctele de trecere a frontierei, destinate deservirii Serviciului Vamal.

Dezvoltarea serviciilor digitale este o preocupare continuă a băncii, fiind pus accentul pe promovarea accesului la serviciile bancare online. În acest context, au fost deschise 2 Centre de autoservire 24/24 și 7 zone de autoservire în incinta filialelor, numărul total al acestora ajungând la 7 Centre de autoservire 24/24 și 47 Zone de autoservire.

În anul de referință, Banca a continuat lucrările de modernizare a rețelei de vânzări, conform stipulărilor aprobate în Manualul de Arhitectură, aplicând o imagine vizuală unică filialelor și agențiilor băncii. Această uniformizare și modernizare, care va continua și în anii următori, necesită investiții financiare enorme, pentru a crea condiții confortabile și a asigura accesul nelimitat la produsele și serviciile bancare pentru stakeholderii noștri.

Reflectând încrederea cetățenilor în puterea brandului, baza totală de clienți activi retail a înregistrat o creștere de 6.2% (+26 mii clienți) față de anul 2015 și a constituit 442 mii clienți, la finele anului trecut. Numărul de clienți activi s-a majorat preponderent din contul creșterii numărului de persoane fizice cu 25.4 mii clienți (6.5%), numărul de persoane juridice fiind în creștere cu 2.3% (+0,5 mii clienți).

Banca are un focus sporit pe segmentul de persoane fizice, acesta fiind cel mai mare, ca număr de clienți. Astfel, în anul de gestiune, MAIB a lansat serviciul Private Banking, adresat clienților persoane fizice cu statut social important și venituri mari.

Satisfacția acestor clienți este preocuparea majoră a Moldova Agroindbank, odată cu îmbunătățirea ofertelor

## 3.2 Retail Banking

Retail Division has been going through a transformation process, targeting its modernization, adjustment to market requirements and faster changes.

The distribution network of the bank was adjusted to the economic potential. Hence, by late 2016, the network comprised 181 branches and agencies, 67 of them being in Chisinau municipality. Two branches were relocated and 11 new agencies were opened, providing customers with better conditions. Thus, by late 2016, the bank had 66 branches and 115 agencies, 39 of them being at customs points.

MAIB continuously strives to upgrade digital services, promoting access to online banking services. In this context, two 24/24 self-service centers and seven self-service areas were opened at MAIB branches, with their total number amounting to seven self-service centers and 47 self-service areas.

MAIB continued repairs to make sure that all branches and agencies have the same visual image and that customers enjoy comfortable conditions and unlimited access to our banking products and services.

The number of active retail customers increased by 6.2% (26,000 more) against 2015 and reached 442,000 customers at the end of the year. This proves people's confidence in our brand. The growth was predominantly due to an increase of 6.5% (by 25,400 customers more) in the number of individuals and a 2.3% increase in the number of legal entities.

The bank paid increased attention to individuals, which is the biggest customer segment. Therefore, MAIB launched the Private Banking service for affluent individuals, whose satisfaction is very important for MAIB. The Private Banking service is managed by a team

### EVOLUȚIA REȚELEI DE VÂNZĂRI

#### DEVELOPMENT OF SALES NETWORK



dedicate și creșterea calitativă a portofoliului de clienți. Serviciul Private Banking este susținut de o echipă de profesioniști pregătiți, conform celor mai înalte standarde, bazat pe o relație personală cu clienții și o abordare preferențială în orice activitate desfășurată cu banca.

Activitatea de creditare retail, în anul 2016, a înregistrat o scădere nesemnificativă (-2.1 mil. lei), atingând soldul de 4,097 mil. lei, în contextul contracției generale a pieței de creditare și pe fondul unui apetit de finanțare conservator în rândul persoanelor juridice. Astfel, soldul creditelor persoane juridice a constituit 1,901 mil. lei, fiind în descreștere față de finele anului precedent cu 41.3 mil. lei, inclusiv pe segmentele de business:

- ✓ întreprinderi micro, în scădere cu 57.4 mil. lei;
- ✓ businessul mic, în descreștere cu 70.7 mil. lei.

Doar pe segmentul de clienți medii, Diviziunea Activitate Retail a înregistrat o creștere a portofoliului de credite cu 92.5 mil. lei. Totodată, portofoliul de credite persoane fizice a crescut cu 1.8% (+39.1 mil. lei), pe fondul majorării creditelor de consum cu 86.9 mil. lei, creditele imobiliare fiind în descreștere.

Portofoliul de depozite gestionat de Diviziunea Retail a avut o evoluție ascendentă, în special pe segmentul persoane fizice, care a înregistrat o creștere a portofoliului de depozite cu 7.8%. În rezultat, cota de piață a băncii la soldul depozitelor persoane fizice a ajuns la nivelul de 30.2%, fiind în creștere cu 0.1 p.p. comparativ cu anul 2015 (30.1%).

Potențialul oferit de către proiectele în derulare (Bancassurance, deservirea Trezoreriilor Teritoriale, Serviciului Vamal și a Casei Naționale a Asigurărilor Sociale) a adus rezultate tangibile și vor fi dezvoltate în continuare. Venitul obținut, în anul 2016, din aceste proiecte a fost de 36.3 mil. lei.

Pe măsura diversificării ofertei de produse și servicii oferite de bancă, dar și majorării graduale a numărului de clienți, se constată creșterea continuă a contactelor clienților cu Serviciul Call Center, prin diferite canale de comunicare.

of high-skilled professionals and is based on preferential customer-tailored approach.

Retail lending operations slightly decreased in 2016 (-2.1 million lei), falling to MDL 4,097 bln against the background of a general decrease of the lending market and reluctance of legal entities to apply for loans. Thus the loan portfolio for legal entities stood at MDL 1,906 bln, down by MDL 41.3 mln against 2015, including:

- ✓ down by MDL 57.4 million for the segment of micro-enterprises;
- ✓ down by MDL 70.7 million for the segment of small businesses;

At the same time, the private loans portfolio went up by 1.8% (+MDL 39.1 million) against the background of an increase of MDL 86.9 million in consumption loans. On the other hand, real estate loans decreased against the background of a lack of confidence in the economy's future.

The deposit portfolio managed by the Retail Division was on the rise, especially on the segment of individuals, whose deposits brought a 7.8% growth to the portfolio. As a result, MAIB's market share in private deposits reached 30.2%, up by 0.1 percentage points against 2015.

Ongoing projects like Bancassurance, servicing of the accounts of the Territorial Treasuries, Customs Service and the National Social Insurance Office, brought about tangible results and will further be implemented. These projects generated revenues of MDL 36.3 million in 2016.

As the bank's products and services get increasingly diversified and the client base extends, customers more often appeal to the bank's Call Center Service via various communication channels.

## DINAMICA PORTOFOLIULUI DE CREDITE RETAIL, (mil. MDL)

### DYNAMIC OF RETAIL LOANS (MDL MILLIONS)



Pe parcursul anului 2016, Serviciul Call Center a acordat consultanță și asistență pentru 221 mii de clienți (cu 41% mai mult decât în anul 2015) prin canalele disponibile de comunicare (telefon, e-mail, chat on-line). Circa 89% de clienți au fost consultați prin telefon, 3% prin e-mail și 7% prin chat on-line, disponibil pe pagina web a băncii [www.maib.md](http://www.maib.md).

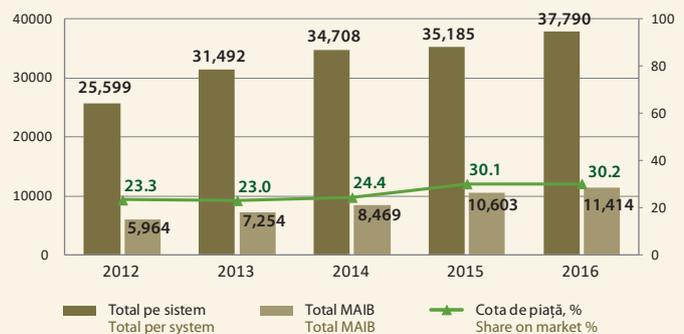
Serviciul Call Center, fiind în contact direct cu clienții, participă în colaborare cu subunitățile de business a băncii la depistarea necesităților clienților, astfel încât oferta MAIB să satisfacă doleanțele și cerințele consumatorilor de produse și servicii bancare.

In 2016, the Call Center Service provided consultancy services and support to 221,000 customers (41% more than in 2015) through all available communication means (telephone, email and online chat). About 89% of customers were offered consultancy via telephone, 3% were serviced via email and 7% via the online chat available on the bank's webpage [www.maib.md](http://www.maib.md).

As the Call Center Service is in direct contact with customers, it cooperates with the bank's business sub-units and helps tracking client needs and enable MAIB to adjust its offer to satisfy customers' complaints and requirements in relation to banking products and services.

## SOLDUL DEPOZITELOR PERSOANE FIZICE ȘI COTA ÎN SISTEMUL BANCAR (mil. MDL)

### BALANCE OF PERSONAL DEPOSITS AND SYSTEM SHARE (million MDL)



### 3.3 Operațiuni cu carduri bancare

Moldova Agroindbank este unicul reprezentant în Republica Moldova a trei sisteme internaționale de plăți: Visa, MasterCard și American Express, acordând o atenție sporită dezvoltării businessului cu carduri. Una din sarcinile principale ale subdiviziunii retail este majorarea cotei de piață la capitolul emiterea și acceptarea cardurilor. Ponderea numărului cardurilor MAIB aflate în circulație la sfârșitul anului 2016 a constituit 30.02%. La finele anului 2016, numărul cardurilor în circulație deținute de MAIB a constituit 453,901 carduri.

În scopul oferirii serviciilor calitative și accesibile clienților săi, banca a continuat extinderea rețelei de bancomate și POS-terminale, pentru a asigura un număr optim de puncte de deservire necesar pentru satisfacerea necesităților clienților retail. Numărul bancomatelor MAIB a atins cifra de 255 la data de 31.12.2016 în comparație cu 226 de bancomate în perioada similară a anului 2015.

În anul 2016, la cele 11 bancomate de tip Cash-In/Cash-Out a fost implementată funcționalitatea de alimentare a conturilor și în valută EURO sau USD. Astfel, clienții MAIB pot efectua la ATM-urile Cash-In/Cash-Out prin intermediul cardului bancar următoarele operațiuni:

1. depunerea numerarului în MDL/USD/EUR în conturile de card personale, cât și ale persoanelor terțe deținătoare de carduri MAIB;
2. depunerea sau retragerea numerarului în MDL/USD/EUR din conturile de card în altă valută decât valuta contului de card;
3. achitarea ovedraft-ului la contul de card și datoriile la cardul de credit.

Clienții băncii au acces nelimitat la bancomate, acestea fiind amplasate în zonele de deservire 24/24. În ce privește rețeaua de POS - terminale instalate la comercianți, Moldova Agroindbank este lider atât în plan cantitativ, cu 3,899 de POS - terminale instalate, cât și calitativ, fiind în continuare promotorul principal la nivel național al implementării tehnologiei contactless. Banca deține peste 1,905 POS-terminale

### 3.3 Card operations

Being the only primary member of three international payment systems in Moldova – Visa, MasterCard and American Express, Moldova Agroindbank has been paying high attention to the development of card business. One of the main tasks of the Retail Division was to maintain the market share in card issuance and acquiring. As of 31 December 2016, the number of MAIB cards in force amounted to 453,901, with a national market share of 30.02%.

In order to provide quality and affordable services to its customers, the bank further expanded its ATM and POS network to ensure an as high as possible number of service points and to meet the needs of retail customers. The number of Moldova Agroindbank ATMs amounted to 255 as at 31.12.2016, against 226 at 31.12.2015.

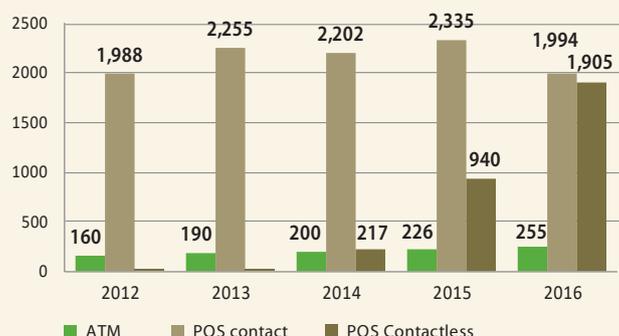
In 2016, MAIB extended the functions of 11 Cash-In/Cash-Out ATMs so that they allow for refilling accounts with EUR or USD. MAIB customers can perform the following operations at Cash-In/Cash-Out ATMs via credit cards:

1. deposit MDL/USD/EUR on both personal credit cards and MAIB cards owned by third parties;
2. deposit or withdraw MDL/USD/EUR from the card account, in a currency other than the card currency;
3. pay overdraft and credit card debts.

MAIB customers have unlimited access to ATMs, including in 24/24 self-service areas. With 3,899 POS terminals at merchants, MAIB is a leader in this area, both quantitatively and qualitatively, as more than 1,905 of its POS terminals are provided with contactless technology, and can accept all types of cards of the Visa, MasterCard

#### REȚEAUA DE ATM-URI ȘI POS-TERMINALE

#### ATMS AND POS-TERMINALS NETWORK



dotate cu această tehnologie, capabilă să accepte în acest regim toate cardurile sistemelor de plăți Visa, MasterCard și American Express. Cota de piață la numărul de bancomate instalate constituie 24.38%, iar cota de piață pentru numărul de POS-terminale instalate constituie 28.7%.

Asfel, în rețeaua fizică de acceptare, volumul tranzacțiilor acceptate a înregistrat în anul 2016 valoarea de 1,108 mil. lei, o creștere de 50% față de anul 2015.

Pe piața locală continuă tendința de creștere dinamică a plăților fără numerar, efectuate prin intermediul cardurilor bancare, deși volumul acestor operațiuni ramâne a fi scăzut (cca 12-13 % din total volum a operațiunilor prin carduri).

Pentru stimularea creșterii volumului achitărilor prin intermediul cardurilor, valorificând astfel potențialul existent al pieții, banca organizează frecvent în parteneriat cu sistemele internaționale de plăți campanii promoționale care vin să motiveze deținătorii de carduri de a utiliza cardul ca instrument de plată.

Prin intermediul acestor campanii promoționale MAIB reușește să sporească confortul clienților și să răsplătească fidelitatea acestora, stimulând astfel, efectuarea cumpărăturilor cu cardul.

Comerțul electronic reprezintă o modalitate modernă, tehnologic avansată și sigură de a reduce costurile și de a atinge un nou nivel calitativ al deservirii clienților agenților economici. Tranzacțiile on-line pot fi efectuate instantaneu, mult mai rapid, comod și cu costuri mai reduse comparativ cu modalitățile tradiționale de achitare, permițând clienților efectuarea achizițiilor în mod continuu (24/24) din orice zonă geografică mult mai eficient.

Odată cu implementarea tehnologiei 3D Secure cu parolă dinamică pentru cardurile MAIB, emise sub egida celor trei sisteme de plăți cu care colaborează banca, plățile în mediul online au devenit mai sigure datorită faptului că, pe lângă introducerea datelor cardului (numărul cardului, perioada de valabilitate, codul CVV2/CVC2, numele deținătorului), tranzacția se confirmă de către deținătorul de card prin introducerea unei parolei suplimentare, unice, recepționată de către deținătorul de card prin e-mail sau SMS.

and American Express payment systems. MAIB's market share in ATMs is 24.38% and POS share is 28.7%.

Hence, the amount of accepted transactions was MDL 1,108 bln in 2016, up by 50% against 2015.

Cashless payments keep on recording an upward trend on the local market, albeit the amount of such operations is still low (about 12% to 13% of all card operations).

To fuel cashless payments and turn the current potential of the market to good account, the bank cooperates with international payment systems and organizes promotional campaigns to motivate card holders to use their cards as a payment tool.

Such promotional campaigns help MAIB enhance the comfort of its customers and reward their loyalty, fostering card payments at the same time.

E-commerce services are a modern, cutting-edge and safe way to cut costs and reach a qualitatively new level of service for the bank's customers. Online transactions are instant, much more comfortable, efficient and less expensive, compared to traditional payment methods, and can be made from all over the world on a round the clock basis.

Online payments became even more secure due to the implementation by MAIB of the 3D Secure technology with a dynamic single-use code for MAIB cards issued under the aegis of the three payment systems the bank cooperates with. It is the highest security standard for internet payments, which besides card data (number, validity, CVV2/CVC2, cardholder's name), also implies an additional single-use card-tied password to confirm the transaction, which is received by the cardholder via email or SMS every time an online transaction is made.

## CARDURILOR AFLATE ÎN CIRCULAȚIE, (mii carduri)

**CARDS IN FORCE**  
(thousand cards)



La serviciul dat sunt abonați toți deținătorii de carduri ai băncii, fiind folosit cu succes în scopul prevenirii utilizării frauduloase a datelor cardului la efectuarea tranzacțiilor în mediul online.

Comerțul electronic securizat este implementat și pe domeniul de acceptare al cardurilor, pe site-urile comercianților din domeniul comerțului electronic deserviți de către MAIB sub denumirea „MasterCard Secure Code” pentru cardurile MasterCard, „Verified by VISA” pentru cardurile VISA, și “Safe Key” pentru cardurile American Express.

Moldova Agroindbank prioritizează promovarea și dezvoltarea activității în domeniul comerțului electronic (E-commerce) prin colaborarea cu companii-lideri la nivel național (Air Moldova, Zbor.md, Orange SA, Moldcell SA, Moldtelecom, StarNet, etc.), cât și cu organizații de stat (Egov).

Astfel, se observă o creștere dinamică a volumelor tranzacționale înregistrate la comercianții din domeniul comerțului electronic. În anul 2016, volumul tranzacțiilor acceptate în mediul comerțului electronic a constituit aproximativ 500 mil. MDL, fiind de 6 ori mai mare decât în anul 2014.

Parteneriatul cu American Express este un avantaj strategic pentru dezvoltarea operațiunilor cu carduri și consolidarea poziției de lider incontestabil pe piața bancară.

În martie 2016 au fost lansate cardurile de debit American Express – Green debit și Gold debit, completând astfel portofoliul produselor de card American Express. Rețeaua de acceptare a cardurilor American Express a fost extinsă semnificativ, numărul de POS - terminale care acceptă spre plată cardurile American Express fiind de 1,730 de unități instalate în 1,259 de puncte comerciale. Cardurile American Express sunt acceptate în toate filialele, agențiile și bancomatele MAIB (255 unități).

În luna noiembrie, MAIB a lansat cardurile din segmentul Premium, Visa Gold și Visa Platinum. Aceste produse consolidează portofoliul băncii pe acest segment, fiind dedicate unei categorii de clienți cu cerințe înalte în domeniul serviciilor bancare, persoanelor din top managementul companiilor, oamenilor de afaceri, persoanelor care dispun de venituri mari. În acest sens, Moldova Agroindbank deține cel mai vast portofoliu de produse Premium de pe piața bancară: MasterCard Gold, MasterCard Platinum, MasterCard World Elite, Visa Gold și Visa Platinum. Prin intermediul acestor produse MAIB oferă servicii exclusive pentru clienții săi.

Din luna octombrie 2016, deținătorii de carduri MasterCard Platinum și MasterCard World Elite, emise de băncile din Republica Moldova, au acces gratuit în sala de așteptare de clasa business din Aeroportul Internațional Chișinău, Moldova Agroindbank fiind unica bancă din țară care oferă acest serviciu.

All MAIB cardholders were subscribed to the service in order to foil fraudulent use of cards online.

Secure e-commerce is also implemented in the card acceptance sector and on sites of e-commerce merchants serviced by MAIB, featuring as MasterCard Secure Code for MasterCard cards, Verified by VISA for VISA cards, Safe Key for American Express cards.

Promoting and developing e-commerce is among MAIB's priorities. To meet this goal, the bank cooperates with leading companies (Air Moldova, Zbor.md, Orange SA, Moldcell SA, Moldtelecom, StarNet, etc.), as well as state organizations (E-gov).

E-commerce transactions made by merchants in 2016 witnessed a dynamic growth, accounting for about MDL 500 million, 6 times more than in 2014.

The partnership with American Express is a strategic advantage for the development of card operations and for the consolidation of the indisputable leading position of MAIB on the banking market.

The Green Debit and Gold Debit American Express cards were issued in March 2016, supplementing MAIB's portfolio of American Express card products. The American Express card acceptance network was significantly extended. To this end, 1,730 American Express-compatible POS terminals were installed in 1,259 trade points. American Express cards are accepted in all MAIB subsidiaries, agencies and ATMs.

Premium Visa Gold and Visa Platinum cards were launched by MAIB in November 2016. These products consolidate the bank's portfolio and are designed for customers with high banking requirements, top managers, businessmen and affluent customers. With products like MasterCard Gold, MasterCard Platinum, MasterCard World Elite, Visa Gold and Visa Platinum, Moldova Agroindbank owns the largest portfolio of Premium products on the banking market and is able to provide its customers with exclusive services.

Holder of MasterCard Platinum and MasterCard World Elite cards, issued by Moldovan banks, have had free access to the business-class waiting room in the Chisinau International Airport since October 2016, with MAIB being the only bank to provide such service.

### 3.4 Trezoreria, Piața monetară și de capital

#### Activitatea de Trezorerie

Activitatea de trezorerie constă în atragerea resurselor financiare pentru asigurarea afacerii băncii și gestionarea acestora, cu un grad cât mai înalt de profitabilitate, în condițiile reducerii la minimum a influenței factorilor de risc privind plasamentele și dobânzile, precum și asigurarea unei lichidități stabile și echilibrate.

Pe parcursul anului 2016, banca a continuat să presteze servicii de trezorerie competitive după preț și calitate, asigurând o legătură esențială între piețele financiare și cerințele complexe ale clienților băncii.

### 3.4 Treasury, Monetary and Capital Markets

#### Treasury Operations

The Treasury activity resides in attracting financial means to ensure the bank's business and its management so as to reach an as high as possible profitability degree, by curtailing to a minimum the influence of investment and interest risks and to ensure stable and balanced liquidity.

Moldova Agroindbank continued to promote competitive treasury services in terms of price and quality in 2016, ensuring an essential link between financial markets and customers' complex requirements.

#### VOLUMUL OPERAȚIUNILOR FOREX (mil. USD)

##### FOREX TRANSACTIONS (USD million)



#### VENIT OPERAȚIUNI FOREX (mil. MDL)

##### INCOME FROM FOREX OPERATIONS (MDL million)



#### Piața valutară

Volumul operațiunilor valutare (FX) pe piața internă și internațională, în anul 2016, a constituit 3,788 mil. USD, în creștere cu 48.37% față de anul 2015.

Pe parcursul perioadei gestionare, banca a continuat activ efectuarea operațiunilor de cumpărare / vânzare a numerarului în valută străină / monedă națională pe piața interbancară atât internă, cât și externă.

Volumul operațiunilor prin birourile de schimb valutar ale băncii, în perioada gestionară, a constituit echivalentul a 504 mil. USD, față de

#### Currency Market

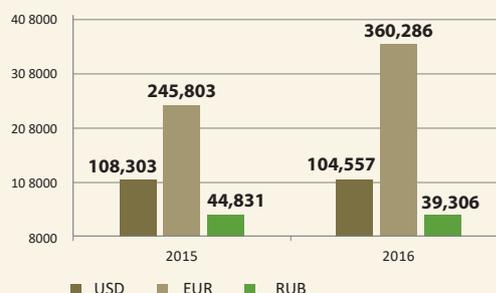
Foreign exchange transactions on national and international markets amounted to USD 3,788 million in 2016, up by 48.37% against 2015.

În 2016, the bank continued to actively buy and sell national and foreign currency on the internal and external interbank market.

Foreign trade transactions through the exchange offices of the bank stood at USD 504 million in 2016, against USD 398 million in 2015. The 26% increase was

#### VOLUM FOREX BSV ECHIVALENT IN USD (mil.)

##### TRANSACTIONS AT FOREIGN EXCHANGE OFFICES (USD million)



echivalentul a 398 mil. USD în anul 2015. Creșterea cu 26% se datorează, în primul rând, procurărilor mari de valută EUR prin BSV ale băncii.

Veniturile realizate din operațiunile de schimb valutar, în anul 2016, au constituit 216,702 mil. lei, în scădere cu 16% față de anul 2015. Această diminuare a veniturilor din operațiunile de schimb valutar se datorează, în primul rând, scăderii spread-ului dintre cursul de cumpărare și cel de vânzare.

### **Piața monetară și a valorilor de stat**

În anul 2016, Moldova Agroindbank, ca și în anii precedenți, a fost un participant activ la efectuarea operațiunilor pe piața monetară.

În scopul administrării eficiente a activelor sale, menținerii corelației lichiditate-profitabilitate la un nivel adecvat, banca a continuat investirea resurselor disponibile în active lichide generatoare de dobânzi, utilizând următoarele instrumente: Certificatele Băncii Naționale (CBN), Valorile Mobiliare de Stat, depozite la Banca Națională a Moldovei.

Volumul investițiilor în Valori Mobiliare de Stat pe piața primară în 2016 din contul băncii a constituit 1,289 mln lei, în creștere cu 0.78% față de 2015, care a constituit 1,279 mln lei, ca urmare a excesului de lichidități în monedă națională.

Volumul investițiilor în Certificatele Băncii Naționale, în 2016, a constituit 21,530 mil. lei, fiind cu 17,816 mil. lei mai mult comparativ cu anul 2015. Majorarea semnificativă a volumului investițiilor în CBN s-a datorat excesului de lichidități în monedă națională în urma diminuării volumului de credite acordate, dar și ca urmare a procurării de către BNM a surplusului de valută străină pe parcursul anului 2016.

Venitul total obținut în 2016, din investiții în valori mobiliare, a constituit 243.47 mil. lei, în creștere cu 137.53 mil. lei comparativ cu 2015.

mainly due to large acquisitions of EUR through the exchange offices of the bank.

Income from foreign exchange operations stood at MDL 216,702 million in 2016, down by 16% against 2015. Such a decrease in foreign exchange operations revenues from is first of all due to a decrease in the bid-ask spread.

### **Money and securities market**

Just like the years before, in 2016, Moldova Agroindbank participated actively in money-market operations.

To efficiently manage its assets and keep an adequate liquidity/profitability ratio, the bank invested available funds in interest-generating liquid assets, using the following instruments: Certificates of the National Bank of Moldova (CNB), State Securities, and deposits at the National Bank of Moldova (BNM).

In 2016, the bank invested MDL 1,289 million in State Securities on the primary market, up by 0.78% against 2015, when investments reached MDL 1,279 million, due to excess liquidity in the national currency.

Investments in CNBs amounted to MDL 21,530 million in 2016, up by MDL 17,816 million against 2015. Such a significant increase in investments in CNBs was due to the excess liquidity in the national currency caused by a decrease in the amount of loans, as well as by the acquisition of excess of foreign currency by BNM in 2016.

Total income from investments in movable assets was MDL 243.47 million in 2016, up by MDL 137.53 million against 2015.

## VOLUMUL INVESTIȚIILOR ÎN VMS (mil. MDL)

### THE VOLUME OF TRANSACTIONS WITH STATE SECURITIES (MDL million)



## VOLUMUL INVESTIȚIILOR ÎN CBN (mil. MDL)

### THE VOLUME OF TRANSACTIONS IN NBC (MDL million)



În anul 2016, plasamentele overnight în monedă națională, la Banca Națională a Moldovei, au înregistrat valoarea de 18.44 mlrd. lei, majorându-se cu 4.6 mlrd comparativ cu 2015.

Volumul tranzacțiilor de plasare a mijloacelor bănești în valută străină, la băncile străine, a constituit 230.63 mil. EUR comparativ cu 60.77 mil. EUR, plasate în 2015.

#### **Împrumuturi de la instituții financiare**

În scopul asigurării finanțării necesare pentru activitatea de creditare a băncii și menținerea nivelului optimal al lichidității băncii, pe parcursul anului 2016, s-a continuat valorificarea împrumuturilor în cadrul Acordurilor semnate în anii precedenți.

#### **Optimizarea rețelei de conturi corespondente**

În scopul satisfacerii maxime a cerințelor clienților și operațiunilor proprii ale băncii în domeniul decontărilor, banca a menținut, pe parcursul anului, o rețea optimă de conturi corespondente.

În anul 2016 nu a fost deschis nici un cont corespondent nou, dar au fost închise conturile în USD și EUR de la PJSC CB 'Privatbank', Ucraina, banca păstrându-și doar contul în hrivne, deschis la această contraparte.

Lista băncilor corespondente ale băncii la situația din 31.12.2016:

Overnight deposits in national currency with the National Bank of Moldova stood at MDL 18.44 billion, up by 4.6 billion against 2015.

In 2016, Moldova Agroindbank placed EUR 230.63 million with foreign banks, compared to EUR 60.77 million in 2015.

#### **Loans from International Financial Institutions**

To ensure the proper funding of its lending activity and to maintain an optimal liquidity level, in 2016, MAIB continued to make the best of loans secured within agreements signed in the years before.

#### **Optimization of correspondent accounts network**

To meet its customers' requirements in the best way possible and to properly carry out the bank's settlement operations, MAIB continued to optimize its correspondent accounts network in 2016.

The bank did not open any other correspondent account in 2016. However, it closed its USD and EUR accounts with PJSC CB 'Privatbank' Ukraine, keeping only its UAH account with this bank.

The list of active correspondent accounts of the bank as of 31.12.2016:

## LISTA BĂNCILOR CORESPONDENTE

### LIST OF CORRESPONDENT BANK

|                           |   |                                  |                                     |
|---------------------------|---|----------------------------------|-------------------------------------|
| <b>Austria   Austria</b>  | * | Raiffeisen Bank International AG | Vienna   Vienna                     |
| <b>Belarus   Belarus</b>  | * | Priorbank JSC                    | Minsk   Minsk                       |
| <b>Belgia   Belgium</b>   | * | KBC Bank NV                      | Brussels   Brussels                 |
| <b>Germania   Germany</b> | * | Commerzbank AG                   | Frankfurt / Main   Frankfurt / Main |
| <b>Italia   Italy</b>     | * | Intesa Sanpaolo SpA              | Torino   Torino                     |
|                           | * | UniCredit SpA                    | Milano   Milano                     |
| <b>România   Romania</b>  | * | Raiffeisen Bank SA               | București   Bucharest               |
| <b>Rusia   Russia</b>     | * | JSC VTB Bank                     | Moscova   Moscow                    |
|                           | * | Sberbank of Russia               | Moscova   Moscow                    |
| <b>SUA   USA</b>          | * | The Bank of New York Mellon      | New York   New York                 |
| <b>Ucraina   Ukraine</b>  | * | PJSC CB 'Privatbank'             | Dnipropetrovsk   Dnipropetrovsk     |

### 3.5 Tehnologiile Informaționale

Dezvoltarea tehnologiilor informaționale în bancă a fost orientată spre asigurarea suportului tehnologic în creșterea businessului, conform strategiei de afaceri, în special a suportului operațional în lansarea pe piață a produselor și serviciilor noi, dezvoltarea și optimizarea infrastructurii tehnice și software, care să permită acumularea, prelucrarea și utilizarea informației în scopurile dezvoltării businessului băncii.

Nucleul sistemului automatizat al băncii este soluția Temenos T24 în continuă dezvoltare, care este una din cele mai complexe și performante soluții aplicate în bănci, cu servere centrale, acces on-line în sistem al tuturor utilizatorilor băncii și executarea tranzacțiilor în regim real de timp, acordare a serviciilor de deservire a clienților retail și corporativi în orice filială, independent de locația unde clientul are deschise conturi, asigurare a bazei pentru aplicarea sistemului 24/24 ore. Una din sarcinile de bază, în anul 2016, a fost realizarea Proiectului de migrare a sistemului Globus/T24 de la versiunea R08 la versiunea R15 atât în scopul utilizării facilităților versiunii noi a sistemului, dar și creării premiselor pentru implementarea modulelor noi achiziționate de bancă, inclusiv a modulului Customer Relationship Management (CRM) și Business Intelligent (TInsight).

Proiectul de migrare a fost realizat cu succes, și din august 2016, banca utilizează practic cea mai nouă versiune a sistemului - T24 R15.

O atenție deosebită în continuare a fost acordată dezvoltării și implementării produselor și serviciilor tehnologizate. Astfel, în 2016 au fost implementate optimizări în utilizarea soluției multicanal de acces la distanță la serviciile bancare Bank Flex MultyChannel, canalele Internet pentru clienți juridici și fizici, canalele Mobile și SMS Banking. Au fost dezvoltate, implementate și se aplică de către clienți funcționalități noi ale soluției Bank Flex MultyChannel, printre care plăți în valută străină pentru clienții fizici și juridici cu atașarea documentelor, plăți multiple (plăți în pachet), etc.

În cadrul proiectului ATM Banking a fost realizată și implementată funcționalitatea de suplimentare a conturilor de card în lei cu numerar în valută și invers, ceea ce asigură posibilitatea de schimb valutar la ATM-urile Cash-In/Cash-Out ale băncii, 24\24 ore. Lucrările de realizare a altor funcționalități noi în soluția ATM Banking continuă.

Au continuat lucrările de creare a zonelor și centrelor de autoservire. În total sunt create și funcționează 7 Centre de autoservire 24/24 ore și 47 de zone de autoservire.

În scopul optimizării proceselor interne de interacțiune între angajații băncii, automatizării la maximum a utilizării documentelor electronice în bancă, este în curs de realizare proiectul de implementare a sistemului de Management a Documentelor Directum. În perioada de raportare a fost implementată platforma sistemului Directum,

### 3.5 Information technologies

MAIB paid increased attention to advanced information technology (IT) to ensure technological support for the development of the bank's business according to its business strategy, to ensure mainly operational support while launching new products and services on the market, to build technical and software infrastructure so as to allow collecting, processing and using information for business growth.

The nucleus of the bank's automated system is the Temenos T24 solution, under continuous development, which is one of the most complex and high performing solutions among local banks, with central servers, online access for all of the bank's users and real-time execution of transactions, providing services to retail and corporate customers in any branch, regardless of the branch where the customers opened their accounts, ensuring the basis for applying the system on a 24/7 basis. One of the main tasks in 2016 was the migration of the Globus/T24 system from the R08 to the R15 version in order to use the facilities of the new system version, and to create pre-requisites for the implementation of new modules purchased by the bank, including the Customer Relationship Management (CRM) module and Business Intelligent (TInsight).

The migration project was successfully implemented and since August 2016, the bank has basically been using the newest version of the T24 R15 system.

Special attention was paid to the development and implementation of high-technology products and services. Therefore, in 2016, changes were made to optimize the use of the multi-channel solution for remote access to banking services - Bank Flex Multi Channel, the Internet channel for Customers - individuals and legal entities, Mobile and SMS Banking. The Bank Flex Multi Channel solution was developed in order to ensure new functionalities - payments in foreign currency (for individuals and legal entities) and multiple payments, which were implemented in the production environment. The Internet and Mobile Banking registration page was revised, tested and re-designed and other improvements in the solution's functionalities were executed and implemented.

The opportunity to refill MDL card accounts with foreign currency, and vice versa, was implemented within the ATM Banking project. Thus, foreign exchange operations can be conducted at all MAIB Cash-In/Cash-Out ATMs, 24/7. New solutions and functionalities continue to be implemented within the ATM Banking project.

MAIB continued works on self-service areas and centers, with their number reaching 7 24/7 self-service centers and 47 self-service areas by late 2016.

To optimize the internal communication process between employees and automate the use of electronic documents in the bank at the highest level, MAIB implements the Directum Documents Management system. The implementation of the system's platform, during the year under review,

care a permis plasarea în sistem a tuturor actelor normative utilizate în activitatea băncii, sistematizată și ușor accesibilă tuturor angajaților băncii. În regim Pilot, pe aceeași platformă Directum, a fost implementat modulul „Cancelarie”, aplicat cu succes și asigurată posibilitatea implementării și utilizării modulului în toată banca, iar aceasta va crea și mai multe condiții de excludere a documentelor pe suport de hârtie.

În scopul conformării cerințelor regulatorii și eficientizării proceselor de prevenire a fenomenului de spălare a banilor, banca a selectat soluțiile automatizate Siron KYC, AML și EMBARGO, care sunt în proces de implementare.

A continuat procesul de implementare a telefoniei corporative interne, bazată pe tehnologia IP, fiind implementată în fiecare sediu Central al băncii (str. Miron Costin 9 – complet și str. Constantin Tănase 9/1 – parțial), în majoritatea filialelor din mun. Chișinău (22 filiale) și, parțial, în filialele din teritoriu (5 filiale).

În vederea deservirii continue a Trezoreriei Centrale și a celor teritoriale, Casei Naționale de Asigurări Sociale și Serviciului Vamal, au continuat lucrările de optimizare a soluțiilor software, infrastructurii tehnice și telecomunicative, ceea ce a asigurat funcționarea stabilă a acestora și, respectiv, deservirea calitativă a clienților.

A fost asigurată dezvoltarea și menținerea în stare lucrativă a infrastructurii tehnice și de telecomunicații, Centrelor de date de bază și de rezervă, lucrările necesare pentru deschiderea, reamenajarea și reutilizarea filialelor, agențiilor și posturilor de lucru noi, asigurarea canalelor de telecomunicații de rezervă pentru majoritatea agențiilor vamale ș.a.

Au continuat lucrările de dezvoltare a canalelor de telecomunicații corporative. În perioada 2014-2016, concomitent cu etapa de modernizare a echipamentelor de telecomunicații, s-au întreprins măsuri de migrare de la linii digitale dedicate de până la 2 Mbps și linii digitale comutate ISDN de până la 128 Kbps la linii de comunicații broadband de până la 1 Gbps, cu asigurarea conectării sediilor îndepărtate la sediul Central al băncii, prin doi operatori alternativi, astfel, obținându-se o capacitate totală a canalului de transport date de la filialele/agențiile băncii de cca 20 Mbps (câte 10 Mbps de la fiecare operator) și câte un canal de agregare de 1 Gbps de la fiecare operator, în fiecare sediu central al băncii (Constantin Tănase, 9/1 și Miron Costin, 9). De asemenea, a fost majorată capacitatea canalului de bază Internet până la 1000 Mbps.

În anul 2016 au fost inițiate lucrările de proiectare a noului Centru de Date principal al băncii, care urmează a fi realizate și finalizate în corespundere și cu lucrările de proiectare a noului sediu pentru Oficiul Central al băncii.

Acțiunile întreprinse în domeniul Tehnologiei informaționale au asigurat, și asigură în continuare, disponibilitatea maximă a componentelor sistemului automatizat al băncii și, respectiv, deservirea operativă și calitativă a clienților băncii.

facilitated the entry in the system of all normative documents on the activity of the bank. The platform is systematized and easily accessible by all the bank's employees. A pilot module entitled "The Office" was successfully enforced and used within the entire bank through the same platform. The module will facilitate even more the electronic use of documents.

To comply with regulatory requirements and streamline processes aimed at preventing money laundering, the bank is currently implementing the Siron KYC, AML and EMBARGO automated solutions.

The process of internal corporate telephony based on IP technology was launched, being implemented at the bank's Headquarters (9 Miron Costin Str. – fully and 9/1 Constantin Tanase Str. - partially).

To ensure the continuity, quality and stability of services provided to central and territorial treasuries, the National Office of Social Insurance and Customs Service, MAIB continued to optimize software solutions and improve its technical and telecommunications infrastructure.

The bank took efforts to develop and maintain its technical and telecommunications structure in a good working condition. It upgraded its main and backup Data Centers, renovated and re-equipped its subsidiaries, agencies and new workstations, providing most of the customs agencies with backup telecommunications channels.

The bank continued to develop its corporate telecommunications channels. In 2014-2016, alongside with the modernization of telecommunications equipment, MAIB ensured migration from digital lines for up to 2 Mbps and switched ISDN lines of up to 128 Kbps to broadband telecommunications lines of up to 1 Gbps, ensuring the connectivity of faraway branches to the bank's HQ via two alternative operators, thus, reaching a total capacity of the transportation channel of data from the bank's branches/agencies of about 20 Mbps (10 Mbps from each operator) and an aggregation channel of 1 Gbps from each operator, in each of the bank's headquarters (9/1 Constantin Tanase Str. and 9 Miron Costin Str.) The capacity of the main Internet channel was increased up to 1000 Mbps.

In 2016, MAIB started the design works of its new main Data Centre, which are to be carried out and completed in line with the design works of the new headquarters of the bank's Central Office.

The actions MAIB took to upgrade its information technologies system, have ensured and continue to ensure the availability of the bank's automated system elements to their fullest, providing its customers with operative and qualitative services.

# 4. COMPANII – FIICE

## SUBSIDIARIES

### 4.1 „MAIB Leasing” SA

„MAIB Leasing” SA, companie-fică a MAIB, fondată în septembrie 2002, este prima societate de leasing din Republica Moldova. Sesizând importanța implementării unor noi mecanisme financiare, compania și-a asumat misiunea promovării acestui serviciu practic inutilizabil în acea perioadă, prin oferirea soluțiilor de finanțare corespunzătoare necesităților și exigențelor fiecărui client, contribuind la dezvoltarea acestui segment al pieței financiare locale. Având din start o viziune clară asupra misiunii sale, managementul companiei a impus o strategie ce are drept scop obținerea și menținerea statutului de lider pe piața autohtonă a serviciilor de leasing.

La data de 31.12.2016, valoarea totală a portofoliului net constituia 176.9 mil. lei (la 31.12.2015: 271.2 mil. lei). Pe parcursul anului 2016, „MAIB Leasing” a încheiat 59 contracte în sumă de 45.9 mil. lei (în 2015 au fost finalizate 154 de contracte, în sumă totală de 125.2 mil. lei).

Ponderea dominantă în structura portofoliului de leasing continuă să fie deținută de autoturisme, urmată de contractele ale căror obiect îl constituie imobilul. Astfel, se poate concluziona că activitatea principală a companiei o constituie finanțarea în sistem de leasing cu prioritate acordată autoturismelor, imobilului și utilajelor, ca răspuns la cerințele pieței. Pentru finanțarea necesităților clienților actuali și potențiali, „MAIB Leasing” SA își extinde continuu gama de instrumente financiare, care reprezintă un obiectiv major în dezvoltarea pe termen lung.

„MAIB-Leasing” și-a demonstrat capacitatea de a opera cu succes într-un cadru economic și financiar dificil, influențat de efectele crizei economice globale.

### 4.1 MAIB-Leasing SA

Founded in September 2002, the joint stock company MAIB-Leasing is one of the first leasing companies in Moldova. Aware of the importance of implementing new financial mechanisms, the company assumed the mission of promoting this service, which back then did not exist on the market, by offering financing solutions meeting the needs and expectations of every client, and thus contributing to the development of this segment on the local financial market. Having clearly defined its mission, the company’s management promoted from the very beginning a strategy aimed at securing and maintaining its dominant position on the local market of leasing services.

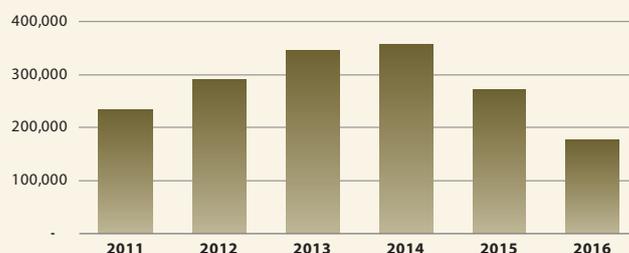
As of 31 December 2016, the company’s total net portfolio was 176.9 MDL million (compared to MDL 271.2 million in 2015). In 2016, MAIB-Leasing concluded 59 contracts worth MDL 45.9 million (compared with 154 contracts concluded in 2015 worth MDL 125.2 million).

Vehicles continue to hold the largest share in the structure of the leasing portfolio, followed by real estate, which means that the company’s main activity is finance lease for vehicles, real estate and equipment as a response to the market needs. In order to finance the needs of current and potential customers, MAIB-Leasing continuously expands its range of financial instruments, which is a major long-term development goal.

MAIB-Leasing has proved that it can operate successfully in a challenging economic and financial

### DINAMICA PORTOFOLIULUI DE FINANȚĂRI, mii lei

#### DYNAMICS OF FINANCING PORTFOLIO, thousand MDL



Aplicând condiții prudențiale în cadrul procesului de acordare al leasingului, societatea și-a asigurat o poziție importantă în sectorul serviciilor de leasing, unde concurența este în continuă creștere.

Din perspectiva desfășurării activităților în interiorul societății, compania își propune să valorifice efectele strategiei manageriale. Un alt element important al strategiei companiei vizează asigurarea unei baze de finanțare care să asigure corespondența dintre sursele de finanțare și expuneri.

„MAIB-Leasing” are relații de colaborare bine stabilite, atât cu reprezentanți ai businessului mic și mijlociu, cât și cu persoanele fizice. Asigurarea serviciilor complete în concordanță cu cerințele și așteptările clienților este și va fi prioritatea companiei pe termen lung.

environment influenced by consequences of the global economic downturn. Applying prudential requirements, the company gained a stable leadership position in the leasing services sector, where the competition is stiff and constantly on the rise.

As regards its internal activity, the company intends to capitalize the effects of its management strategy. MAIB-Leasing will also focus on its strategy to secure a financing basis ensuring the correlation between exposures and financing sources.

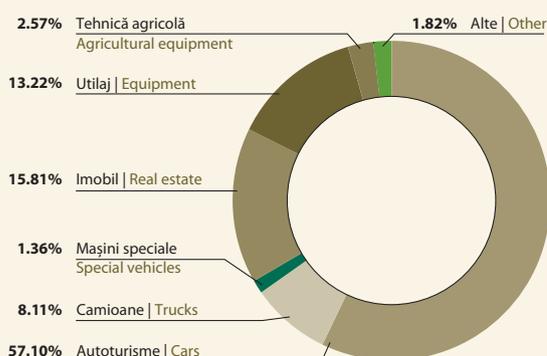
MAIB-Leasing has developed cooperation relations with small and medium-sized enterprises and individuals. Providing complete services, in correspondence with the needs and expectations of customers, will further be one of the company's main long-term priorities.

## STRUCTURA PORTOFOLIULUI LA 31.12.2015

(după valoarea contractelor)

### THE STRUCTURE OF PORTFOLIO AS OF 31.12.2015

(by value of contracts)

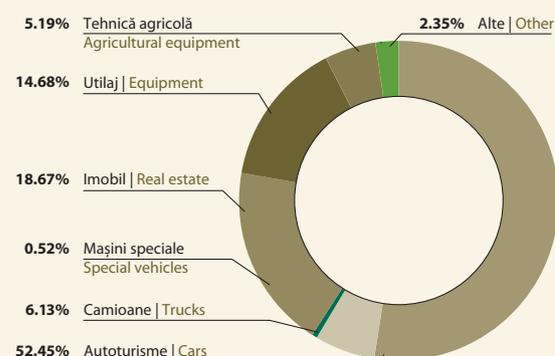


## STRUCTURA PORTOFOLIULUI LA 31.12.2016

(după valoarea contractelor)

### THE STRUCTURE OF PORTFOLIO AS OF 31.12.2016

(by value of contracts)



## 4.2 „Moldmediacard” SRL

Compania de procesare a plăților cu carduri „Moldmediacard” SRL a fost constituită și și-a lansat activitatea la 20.03.2000, având ca scop selectarea, implementarea, susținerea și exploatarea Sistemului de procesare a plăților cu utilizarea cardurilor și integrării lui în sistemele internaționale de plăți cu carduri. În scopul realizării obiectivelor sale, Societatea practică următoarele genuri de activitate: dezvoltarea, elaborarea, emiterea, comercializarea cardurilor și operarea strategiilor, sistemelor, standardelor, metodologiilor, reglementărilor și studiilor în domeniul serviciilor financiar-bancare legate de tranzacțiile cu carduri, asigurarea compatibilității cardurilor și echipamentului aferent standardelor internaționale, etc.

## 4.2 Moldmediacard

The limited liability card payments processing company Moldmediacard started its activity on 20 March 2000, having the purpose of selecting, implementing, supporting and operating the card payments processing system, and integrating it into the international card payment systems. In order to achieve its goals, the company conducts the following types of activity: developing, elaborating, issuing, selling cards and operating banking and financial strategies, systems, standards, methodologies, regulations and researches related to card transactions; it also ensures that cards and related equipment be in accordance with international standards, etc.

"Moldmediacard" SRL (MMC) este unul dintre primii operatori, din Republica Moldova, care au implementat sistemul informatic necesar pentru procesarea tranzacțiilor cu carduri bancare de plată. Compania poate presta servicii de procesare pentru membrii sistemelor internaționale de plăți cu carduri Visa, MasterCard și American Express.

Spectrul serviciilor de procesare a tranzacțiilor prestate de către „Moldmediacard” SRL acoperă toată gama funcționalităților disponibile la moment în piață: procesare tranzacții cu carduri cu bandă magnetică, cu carduri cu cip, acceptarea tranzacțiilor securizate din domeniul comerțului electronic în baza standardelor 3D Secure.

Aceste rezultate sunt susținute și de proiectele care au fost și care se implementează de către societate. Astfel, împreună cu specialiștii băncii s-a implementat soluția ce ține de procesarea cardurilor cu microprocesor. Banca a implementat proiectul de acceptare a tranzacțiilor e-commerce cu carduri bancare Visa și Mastercard în specificații 3D-Secure, proiectul de achitări periodice cu carduri bancare (recurring payments), implementarea acceptării și emiterii cardurilor cu microprocesor fără contact, precum și implementarea echipamentelor de acceptare a cardurilor bancare dotate cu funcția de Cash-in. De asemenea, urmează să fie finalizate proiectele aflate în desfășurare, de exemplu cel de încasare a bancnotelor străine în echipamentele cu funcții de Cash-in și implementarea unui șir de proiecte de către celelalte bănci – clienți.

În prezent, „Moldmediacard” SRL este într-un proces de modernizare a infrastructurii sistemului informatic. O atenție deosebită în continuare se acordă subiectului privind fortificarea securității informaționale. În acest sens, în „Moldmediacard” SRL sunt implementate cele mai recente și avansate scheme topologice, dedicate protecției datelor și resurselor sistemului informatic. O măsură importantă în urma auditului complex al activității MMC, petrecut de către compania InfoTrust și recomandărilor echipei mixte de investigare a băncii este modificarea schemei topologice, cu procurarea și instalarea echipamentului necesar.

În cadrul Adunării generale extraordinare a asociațiilor MMC, din 18.10.2016, a fost confirmat drept administrator dl Adrian Tăriță, pe un termen de 4 ani.

Activitatea companiei este într-o continuă creștere, fapt demonstrat atât de majorarea numărului cererilor de autorizare prelucrate și a numărului tranzacțiilor de clearing, cât și sporirea constantă a cifrei de afaceri. În calitate de clienți ai societății sunt asociații-băncile comerciale autohtone. Sistemul informatic utilizat în companie, în 2016, a procesat mai mult de 35% din valoarea totală a operațiunilor cu carduri emise în Republica Moldova și a participat, în 2016, la emiterea a unui volum de 22% din numărul total de carduri emise în Republica Moldova. Ponderele echipamentelor de acceptare a cardurilor conectate la Moldmediacard este de 27% bancomate și 51% POS terminale.

Moldmediacard is one of the first operators in Moldova to implement an information system to process card transactions. The company can provide processing services to members of such international payment systems as Visa, MasterCard and American Express.

The range of transaction processing services provided by Moldmediacard covers all operations currently available on the market: processing transactions with magnetic strip cards, chip cards, accepting secured transactions in e-commerce based on 3D Secure standards.

These results are also supported by the company's past and ongoing projects. Thus, with support from the bank's specialists, the company put in place a solution for processing microprocessor cards. The bank also implemented the project of accepting e-commerce transactions with MasterCard and Visa cards in 3D Secure, the project for recurring card payments, acquiring and issuance of contactless microprocessor cards, as well as the project of installing Cash-in terminals. Moreover, several other projects are about to be completed, such as installing equipment to Cash-in foreign banknotes, as well as other projects implemented by other customer banks.

Presently, the company's technological infrastructure is being upgraded, special emphasis being laid on the consolidation of information security. In this respect, the most up-to-date and advanced topological applications are implemented at Moldmediacard to protect data and information system resources. Following the complex audit of MMC's activity, carried out by InfoTrust and according to the recommendations issued by the joint investigation team, it is very important that MMC amends its topological scheme, and also purchase and install the necessary equipment.

Adrian Tarita was appointed manager of MMC, for a four-year mandate, during the extraordinary general meeting of MMC on 18 October 2016.

The company's activity continuously expands, which can be seen both in the increase in the number of authorization requests and in the number of clearing transactions, as well as in the constant increase in turnover. Domestic commercial banks are the company's customers. In 2016, Moldmediacard processed more than 35% of the total Moldova-issued card billed business and issued 22% of all cards issued in the country. The market share of ATMs connected to Moldmediacard is 27% and the share of POS terminals is 51%.



*Strada Alexandru cel Bun. Actualmente bulevardul Ștefan cel Mare. Imagine de la începutul sec. XX*  
*Alexandru cel Bun Street. Presently, Ștefan cel Mare Boulevard. Early 20th century.*

BC MOLDOVA AGROINDBANK SA

SITUAȚIILE FINANCIARE CONSOLIDATE  
SINTETIZATE ÎNTOCMITE ÎN BAZA SITUAȚIILOR  
FINANCIARE CONSOLIDATE AUDITATE

PENTRU EXERCIȚIUL FINANCIAR ÎNCHEIAT LA 31 DECEMBRIE 2016

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS  
PREPARED BASED ON THE AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

(FREE TRANSLATION\*)

SITUAȚIILE FINANCIARE CONSOLIDATE SINTETIZATE ÎNTOCMITE ÎN BAZA SITUAȚIILOR FINANCIARE CONSOLIDATE AUDITATE PENTRU EXERCIȚIUL FINANCIAR ÎNCHEIAT LA 31 DECEMBRIE 2016

|  | <b>2016</b>    | <b>2015</b>    |
|--|----------------|----------------|
|  | <b>MDL'000</b> | <b>MDL'000</b> |
| Venituri din dobânzi   | 1,612,077      | 1,490,295      |
| Cheltuieli privind dobânzile   | (775,298)      | (680,646)      |
| <b>Venituri din dobânzi, net</b>   | <b>836,779</b> | <b>809,649</b> |
| Pierderi nete din deprecierea creditelor, creanțelor aferente leasingului și altor creanțe                                   | (310,092)      | (471,292)      |
| Venituri nete din dobânzi diminuate cu pierderi din deprecierea creditelor, creanțelor aferente leasingului și altor creanțe | 526,687        | 338,357        |
| Venituri din taxe și comisioane  | 364,508        | 300,354        |
| Cheltuieli privind taxe și comisioane  | (109,576)      | (76,738)       |
| <b>Venituri din taxe și comisioane, net</b>  | <b>254,932</b> | <b>223,616</b> |
| Venituri din operațiuni cu valută străină, net   | 216,062        | 255,160        |
| Venituri din active și datorii financiare deținute pentru tranzacționare și disponibile pentru vânzare                       | 2,825          | 7,686          |
| Venituri din dividende   | 247            | -              |
| Alte venituri operaționale   | 30,121         | 27,842         |
| Deprecierea activelor financiare disponibile pentru vânzare  | 5,778          | (14,924)       |
| Deprecierea valorii altor active   | (549)          | (15,810)       |
| Câștiguri/pierderi din reevaluarea investițiilor imobiliare  | 3,170          | 46,112         |
| Cheltuieli privind retribuirea muncii  | (295,480)      | (213,951)      |
| Alte cheltuieli administrative și operaționale   | (235,471)      | (214,564)      |
| Cheltuieli cu amortizarea  | (68,686)       | (58,082)       |
| <b>Profit din activitatea operațională până la impozitare</b>  | <b>439,636</b> | <b>381,442</b> |
| Cheltuieli privind impozitul pe venit  | (32,398)       | 3,317          |
| Profitul net al exercițiului financiar   | 407,238        | 384,759        |
| <b>Profitul atribuibil:</b>  |                |                |
| Acționarilor Băncii  | 403,817        | 382,466        |
| Profit alocat intereselor fără control   | 3,421          | 2,293          |
| Profitul net al exercițiului financiar   | <b>407,238</b> | <b>384,759</b> |
| <b>Alte elemente ale rezultatului global</b>   |                |                |
| <i>Articole care pot fi ulterior reclasificate în profit sau pierdere:</i>   |                |                |
| Câștigul/pierdere netă din reevaluarea activelor financiare disponibile pentru vânzare                                       | 2,460          | 9,896          |
| Impozit pe venit amânat aferent reevaluării activelor financiare disponibile pentru vânzare                                  | (153)          | (594)          |
| <i>Articole care nu pot fi ulterior reclasificate în profit sau pierdere:</i>  |                |                |
| Reevaluarea terenurilor și clădirilor  | 67,226         | 13,384         |
| Impozit pe venit amânat aferent reevaluării terenurilor și clădirilor  | (7,689)        | 695            |
| <b>Alte venituri globale ale exercițiului financiar</b>  | <b>61,844</b>  | <b>23,381</b>  |
| <b>Situația rezultatului global al exercițiului financiar</b>  | <b>469,082</b> | <b>408,140</b> |
| <b>Situația rezultatului global aferent:</b>   |                |                |
| Acționarilor Băncii  | 465,661        | 405,847        |
| Intereselor fără control   | 3,421          | 2,293          |
| <b>Situația rezultatului global al exercițiului financiar</b>  | <b>469,082</b> | <b>408,140</b> |
| <b>Câștiguri pe acțiune</b> (prezentat în MDL pe acțiune)  | <b>389.17</b>  | <b>375.15</b>  |

Dezvăluirea bazelor de întocmire a situațiilor financiare consolidate sintetizate este prezentată în Nota 1. Situațiile financiare consolidate sintetizate au fost autorizate pentru emiteră la 27 martie 2017 de către Executivul Băncii reprezentat de:

Președintele Comitetului de Conducere  
DI Serghei Cebotari



Contabilul-șef  
Dna Carolina Semeniuc

NOTA 1: BAZELE DE ÎNTOCMIRE A SITUAȚIILOR FINANCIARE CONSOLIDATE SINTETIZATE Aceste situații financiare consolidate sintetizate care cuprind situația consolidată a poziției financiare la data de 31 decembrie 2016 și situația consolidată de profit sau pierdere și alte elemente ale rezultatului global aferentă exercițiului financiar încheiat la această dată au fost extrase integral din informația relevantă inclusă în situațiile financiare consolidate ale BC Moldova Agroindbank SA („Banca”) și a companiilor sale fiice (împreună „Grupul”) pentru exercițiul financiar încheiat la 31 decembrie 2016 care au fost întocmite în conformitate cu Standardele Internaționale de Raportare Financiară și autorizate pentru emiteră la 27 martie 2017. Respectiv, aceste situații financiare consolidate sintetizate sunt consecvente cu acele situații financiare consolidate. Conducerea a întocmit aceste situații financiare consolidate sintetizate pentru publicarea acestora în presă. Din cauza naturii lor rezumate, aceste situații financiare consolidate sintetizate nu pot oferi o înțelegere completă a performanței financiare și a poziției financiare ale Grupului. Această înțelegere poate fi obținută numai din setul complet de situații financiare consolidate ale Grupului. Setul complet de situații financiare consolidate ale Grupului din care au fost extrase situațiile financiare consolidate sintetizate, sunt disponibile pe pagina web a BC Moldova Agroindbank SA (www.maib.md) și la cerere la adresa str. Constantin Tănase 9/1, Chișinău, Republica Moldova.

## SITUAȚIA CONSOLIDATĂ A POZIȚIEI FINANCIARE LA 31 DECEMBRIE 2016

|   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
|   | <b>MDL'000</b>    | <b>MDL'000</b>    |
| <b>ACTIVE</b>   |                   |                   |
| Mijloace bănești în numerar   | 465,420           | 515,578           |
| Conturi la Banca Națională a Moldovei                                   | 4,010,766         | 3,525,126         |
| Conturi curente și depozite la bănci                                    | 2,125,086         | 2,261,334         |
| Active financiare deținute pentru tranzacționare                        | -                 | 36,576            |
| Credite acordate clienților   | 9,652,416         | 10,329,059        |
| Creanțe aferente leasingului  | 172,518           | 263,934           |
| Active financiare disponibile pentru vânzare                            | 174,095           | 153,769           |
| Active financiare păstrate până la scadență                             | 2,104,017         | 688,879           |
| Active imobilizate deținute pentru vânzare                              | 24,005            | 24,093            |
| Imobilizări corporale   | 825,794           | 411,458           |
| Investiții imobiliare   | 78,991            | 75,149            |
| Imobilizări necorporale   | 68,510            | 62,708            |
| Alte active   | 163,458           | 101,709           |
| <b>Total active</b>   | <b>19,865,076</b> | <b>18,449,372</b> |
| <b>OBLIGAȚIUNI</b>  |                   |                   |
| Datorii către bănci   | 95,658            | 183,931           |
| Împrumuturi   | 848,088           | 1,114,606         |
| Datorii către clienți   | 15,412,375        | 14,044,541        |
| Datorii privind impozitul amânat  | 35,067            | 24,926            |
| Datorii privind impozitul curent  | 6,232             | 8,535             |
| Alte obligațiuni  | 205,316           | 113,554           |
| <b>Total obligațiuni</b>  | <b>16,602,736</b> | <b>15,490,093</b> |
| <b>CAPITALUL PROPRIU</b>  |                   |                   |
| Acțiuni ordinare  | 207,527           | 207,527           |
| Capital suplimentar   | 104,537           | 104,537           |
| Rezerva din reevaluarea imobilizărilor corporale                        | 208,511           | 149,548           |
| Rezerva din reevaluarea activelor financiare disponibile pentru vânzare | 74,510            | 72,203            |
| Profit nerepartizat   | 2,656,859         | 2,418,489         |
| <b>Capitaluri proprii atribuibile acționarilor Băncii</b>               | <b>3,251,944</b>  | <b>2,952,304</b>  |
| <b>Interese fără control</b>  | <b>10,396</b>     | <b>6,975</b>      |
| <b>Total capitalul propriu</b>  | <b>3,262,340</b>  | <b>2,959,279</b>  |
| <b>Total obligațiuni și capital propriu</b>                             | <b>19,865,076</b> | <b>18,449,372</b> |

Dezvăluirea bazelor de întocmire a situațiilor financiare consolidate sintetizate este prezentată în Nota 1. Situațiile financiare consolidate sintetizate au fost autorizate pentru emiteră la 27 martie 2017 de către Executivul Băncii reprezentat de:

Președintele Comitetului de Conducere  
DI Serghei Cebotari



Contabilul-șef  
Dna Carolina Semeniuc

NOTA 1: BAZELE DE ÎNTOCMIRE A SITUAȚIILOR FINANCIARE CONSOLIDATE SINTETIZATE Aceste situații financiare consolidate sintetizate care cuprind situația consolidată a poziției financiare la data de 31 decembrie 2016 și situația consolidată de profit sau pierdere și alte elemente ale rezultatului global aferentă exercițiului financiar încheiat la această dată au fost extrase integral din informația relevantă inclusă în situațiile financiare consolidate ale BC Moldova Agroindbank SA („Banca”) și a companiilor sale fiice (împreună „Grupul”) pentru exercițiul financiar încheiat la 31 decembrie 2016 care au fost întocmite în conformitate cu Standardele Internaționale de Raportare Financiară și autorizate pentru emiteră la 27 martie 2017. Respectiv, aceste situații financiare consolidate sintetizate sunt consecvențe cu acele situații financiare consolidate. Conducerea a întocmit aceste situații financiare consolidate sintetizate pentru publicarea acestora în presă. Din cauza naturii lor rezumate, aceste situații financiare consolidate sintetizate nu pot oferi o înțelegere completă a performanței financiare și a poziției financiare ale Grupului. Această înțelegere poate fi obținută numai din setul complet de situații financiare consolidate ale Grupului. Setul complet de situații financiare consolidate ale Grupului din care au fost extrase situațiile financiare consolidate sintetizate, sunt disponibile pe pagina web a BC Moldova Agroindbank SA (www.maib.md) și la cerere la adresa str. Constantin Tănase 9/1, Chișinău, Republica Moldova.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | MDL'000        | MDL'000        |
| Interest income  | 1,612,077      | 1,490,295      |
| Interest expense   | (775,298)      | (680,646)      |
| <b>Net interest income</b>   | 836,779        | 809,649        |
| Net impairment loss on loans, lease receivables and other receivables                    | (310,092)      | (471,292)      |
| Net interest income after impairment of loans, lease receivables and other receivables   | 526,687        | 338,357        |
| Fee and commission income  | 364,508        | 300,354        |
| Fee and commission expense   | (109,576)      | (76,738)       |
| <b>Net fee and commission income</b>   | 254,932        | 223,616        |
| Foreign exchange gains, net  | 216,062        | 255,160        |
| Gains from financial assets and liabilities held for trading and available for sale      | 2,825          | 7,686          |
| Dividend income  | 247            | -              |
| Other operating income   | 30,121         | 27,842         |
| Impairment loss on available for sale financial assets                                   | 5,778          | (14,924)       |
| Impairment loss on other assets  | (549)          | (15,810)       |
| Gains from revaluation of investment property  | 3,170          | 46,112         |
| Personnel expenses   | (295,480)      | (213,951)      |
| Other administrative and operating expenses  | (235,471)      | (214,564)      |
| Amortization expenses  | (68,686)       | (58,082)       |
| <b>Operating profit before tax</b>   | 439,636        | 381,442        |
| Income tax expense   | (32,398)       | 3,317          |
| Net profit for the year  | 407,238        | 384,759        |
| <b>Profit attributable to:</b>   |                |                |
| Bank's Shareholders  | 403,817        | 382,466        |
| Non-controlling interests  | 3,421          | 2,293          |
| Net profit for the year  | <b>407,238</b> | <b>384,759</b> |
| <b>Other comprehensive income</b>  |                |                |
| <i>Items that are or may be reclassified to profit or loss:</i>                          |                |                |
| Change in fair value of financial assets available for sale                              | 2,460          | 9,896          |
| Deferred tax related to the changes in fair value of financial assets available for sale | (153)          | (594)          |
| <i>Items that will never be reclassified to profit or loss:</i>                          |                |                |
| Revaluation of land and buildings  | 67,226         | 13,384         |
| Deferred tax related to the revaluation of land and buildings                            | (7,689)        | 695            |
| <b>Other comprehensive income for the year</b>   | 61,844         | 23,381         |
| <b>Total comprehensive income for the year</b>   | <b>469,082</b> | <b>408,140</b> |
| <b>Total comprehensive income attributable to:</b>                                       |                |                |
| Bank's Shareholders  | 465,661        | 405,847        |
| Non-controlling interests  | 3,421          | 2,293          |
| <b>Total comprehensive income for the year</b>   | <b>469,082</b> | <b>408,140</b> |
| <b>Earnings per share (expressed in MDL per share)</b>                                   | 389.17         | 375.15         |

The disclosure of basis of preparation of the summary consolidated financial statements is presented in Note 1.

The summary consolidated financial statements were authorized for issue on 27 March 2017 by the Executives of the Bank represented by:

Chairman of the Management Board  
Mr. Serghei Cebotari



Chief Accountant  
Mrs. Carolina Semeniuc

NOTA 1: BASIS OF PREPARATION OF THE SUMMARY CONSOLIDATED FINANCIAL These summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income for the year then ended have been extracted entirely from the relevant information included in the consolidated financial statements of BC Moldova Agroindbank SA ("the Bank") and its subsidiaries (together, "the Group") for the year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards and authorized for issue on 27 March 2017. Consequently, these summary consolidated financial statements are consistent with those consolidated financial statements. Management has prepared these summary consolidated financial statements for their publication in the press. Because of their aggregated and summarised nature, these summary consolidated financial statements cannot provide a full understanding of the financial performance and financial position of the Group. This understanding can only be obtained from the full set of consolidated financial statements of the Group. A full set of the consolidated financial statements of the Group, from which the summary consolidated financial statements have been derived, are available on BC Moldova Agroindbank SA website ([www.maib.md](http://www.maib.md)) and, upon request, at 9/1 Constantin Tanase street, Chisinau, Republic of Moldova.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

|  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|--|-------------------|-------------------|
|  | <b>MDL'000</b>    | <b>MDL'000</b>    |
| <b>ASSETS</b>  |                   |                   |
| Cash on hand   | 465,420           | 515,578           |
| Balances with National Bank of Moldova                       | 4,010,766         | 3,525,126         |
| Due from banks   | 2,125,086         | 2,261,334         |
| Financial assets held for trading                            | -                 | 36,576            |
| Loans and advances to customers                              | 9,652,416         | 10,329,059        |
| Lease receivables  | 172,518           | 263,934           |
| Financial assets available for sale                          | 174,095           | 153,769           |
| Financial assets held to maturity                            | 2,104,017         | 688,879           |
| Non-current assets held for sale                             | 24,005            | 24,093            |
| Property and equipment                                       | 825,794           | 411,458           |
| Investment property  | 78,991            | 75,149            |
| Intangible assets  | 68,510            | 62,708            |
| Other assets   | 163,458           | 101,709           |
| <b>Total assets</b>  | <b>19,865,076</b> | <b>18,449,372</b> |
|  |                   |                   |
| <b>LIABILITIES</b>   |                   |                   |
| Due to banks   | 95,658            | 183,931           |
| Borrowings   | 848,088           | 1,114,606         |
| Due to customers   | 15,412,375        | 14,044,541        |
| Deferred tax liabilities                                     | 35,067            | 24,926            |
| Current tax liabilities                                      | 6,232             | 8,535             |
| Other liabilities  | 205,316           | 113,554           |
| <b>Total liabilities</b>                                     | <b>16,602,736</b> | <b>15,490,093</b> |
|  |                   |                   |
| <b>EQUITY</b>  |                   |                   |
| Ordinary shares  | 207,527           | 207,527           |
| Share premium  | 104,537           | 104,537           |
| Property and equipment revaluation reserve                   | 208,511           | 149,548           |
| Available for sale financial assets revaluation reserve      | 74,510            | 72,203            |
| Retained earnings  | 2,656,859         | 2,418,489         |
| <b>Total equity attributable to shareholders of the Bank</b> | <b>3,251,944</b>  | <b>2,952,304</b>  |
| <b>Non-controlling interests</b>                             | <b>10,396</b>     | <b>6,975</b>      |
| <b>Total equity</b>  | <b>3,262,340</b>  | <b>2,959,279</b>  |
|  |                   |                   |
| <b>Total equity and liabilities</b>                          | <b>19,865,076</b> | <b>18,449,372</b> |

The disclosure of basis of preparation of the summary consolidated financial statements is presented in Note 1.

The summary consolidated financial statements were authorized for issue on 27 March 2017 by the Executives of the Bank represented by:

Chairman of the Management Board  
Mr. Serghei Cebotari



Chief Accountant  
Mrs. Carolina Semeniuc

NOTA 1: BASIS OF PREPARATION OF THE SUMMARY CONSOLIDATED FINANCIAL These summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income for the year then ended have been extracted entirely from the relevant information included in the consolidated financial statements of BC Moldova Agroindbank SA ("the Bank") and its subsidiaries (together, "the Group") for the year ended 31 December 2016 prepared in accordance with International Financial Reporting Standards and authorized for issue on 27 March 2017. Consequently, these summary consolidated financial statements are consistent with those consolidated financial statements. Management has prepared these summary consolidated financial statements for their publication in the press. Because of their aggregated and summarised nature, these summary consolidated financial statements cannot provide a full understanding of the financial performance and financial position of the Group. This understanding can only be obtained from the full set of consolidated financial statements of the Group. A full set of the consolidated financial statements of the Group, from which the summary consolidated financial statements have been derived, are available on BC Moldova Agroindbank SA website ([www.maib.md](http://www.maib.md)) and, upon request, at 9/1 Constantin Tanase street, Chisinau, Republic of Moldova.



*Seminarul Teologic din Chișinău. 1900*  
*Chisinau Theological Seminary. Early 1900s.*

RAPORTUL AUDITORULUI INDEPENDENT  
CU PRIVIRE LA SITUAȚIILE FINANCIARE CON-  
SOLIDATE SINTETIZATE  
căt̃re acȃionarii  
BC Moldova Agroindbank S.A.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY  
CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF  
BC MOLDOVA AGROINDBANK S.A.

## Opinie

Situațiile financiare consolidate sintetizate, care cuprind situația consolidată a poziției financiare la data de 31 decembrie 2016 și situația consolidată de profit sau pierdere și alte elemente ale rezultatului global pentru anul încheiat la această dată, sunt derivate din situațiile financiare consolidate auditate ale BC Moldova Agroindbank S.A. (Banca) și a companiilor sale fiice (Grupul) pentru anul încheiat la 31 decembrie 2016.

În opinia noastră, situațiile financiare consolidate sintetizate anexate sunt consecvente, sub toate aspectele semnificative, cu situațiile financiare consolidate auditate, în conformitate cu baza descrisă în nota 1.

### Situațiile financiare consolidate sintetizate

Situațiile financiare consolidate sintetizate nu conțin toate prezentările cerute de Standardele Internaționale de Raportare Financiară. Astfel, citirea situațiilor financiare consolidate sintetizate și raportului auditorului cu privire la acestea nu reprezintă un substitut pentru citirea situațiilor financiare consolidate auditate și raportului auditorului cu privire la acestea.

### Situațiile financiare consolidate auditate și raportul nostru cu privire la acestea

Am exprimat o opinie de audit nemodificată cu privire la situațiile financiare consolidate în raportul nostru din data de 27 martie 2017. De asemenea, acest raport include:

- Un paragraf de *Evidențierea unor aspecte* în care noi atragem atenția asupra notei 1 la situațiile financiare consolidate care descriu faptul că Banca Națională a Moldovei (BNM) a blocat două grupuri de acționari ai Băncii, care au activat concertat în raport cu Banca și au achiziționat cote substanțiale în capitalul social al Băncii, fără a dispune de permisiunea prealabilă scrisă a BNM. BNM a solicitat acționarilor nominalizați de a se conforma prevederilor Legii instituțiilor financiare, care stipulează obligativitatea acționarilor de a înstrăina, în termen de trei luni de la data deciziilor BNM, acțiunile ce le dețin în capitalul Băncii. Ulterior, luând în considerație faptul că aceste acțiuni nu au fost înstrăinate în termenul stabilit de legislația în vigoare, acțiunile au fost anulate și a fost efectuată emisiune suplimentară de acțiuni. În conformitate cu prevederile Hotărârii Comisiei Naționale a Pieței Financiare nr. 15/2 din 7 aprilie 2016, acțiunile din cadrul emisiunii suplimentare au fost provizoriu înscrise pe numele Băncii.

Aspectul descris indică existența unor incertitudini ce ar putea avea impact asupra activității Băncii în caz că acționarii noi și membrii Consiliului Băncii înaintați de acești acționari nu vor continua politicile financiare și operaționale existente ale Băncii. Impactul aspectelor menționate nu poate fi estimat la data aprobării situațiilor financiare consolidate și nu a fost reflectat sau prezentat în situațiile financiare consolidate.

De asemenea, în paragraful *Evidențierea unor aspecte* am atras atenția asupra notei 3 la situațiile financiare consolidate, care descrie faptul că la 31 decembrie 2016, MAIB - Leasing S.A. a înregistrat o pierdere netă de 17,386 mii lei, are pierderi cumulate de 10,298 mii lei, iar capitalul propriu este mai mic decât capital acționar cu 8,234 mii lei. MAIB - Leasing S.A. se bazează pe sprijinul suplimentar al Băncii și pe îmbunătățirea performanțelor financiare pentru a-și continua activitatea.

- Comunicarea aspectelor cheie de audit. Aspectele cheie de audit sunt acele aspecte care, în baza raționamentului nostru profesional, au avut cea mai mare importanță pentru auditul situațiilor financiare consolidate din perioada curentă.

### Responsabilitatea conducerii pentru situațiile financiare consolidate sintetizate

Conducerea este responsabilă pentru pregătirea situațiilor financiare consolidate sintetizate în conformitate cu baza descrisă în nota 1.

### Responsabilitatea auditorului

Responsabilitatea noastră este de a exprima o opinie cu privire la măsura în care situațiile financiare consolidate sintetizate sunt consecvente, sub toate aspectele semnificative, cu situațiile financiare consolidate auditate în baza procedurilor noastre, care au fost efectuate în conformitate cu Standardul internațional de audit (ISA) 810 (Revizuit), *Misiuni de raportare cu privire la situațiile financiare sintetizate*.

27 martie 2017

BDO Audit & Consulting S.R.L.

str. A. Pușkin 45B, et. 5  
MD-2005, Chișinău, Republica Moldova  
Licența A MMII nr. 050535



Eugeniu Raietchi  
Auditor Licențiat  
Licența AIF 0015

## Opinion

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income for the year then ended, are derived from the audited consolidated financial statements of BC Moldova Agroindbank S.A. (the Bank) and its subsidiaries (the Group) for the year ended 31 December 2016.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in Note 1.

### Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 27 March 2017. That report also includes:

- An Emphasis of Matter paragraph in which we draw attention to Note 1 in the audited consolidated financial statements which describe the fact that the National Bank of Moldova (the NBM) has blocked two groups of shareholders of the Bank, acting in concert in relation to the Bank and purchased a qualifying holding in the share capital of the Bank, without having a prior written permission of the NBM. The NBM has asked nominated shareholders to comply with the provisions of the Law on Financial Institutions, which stipulates the obligation of shareholders to sell within three months from the NBM decisions date the qualifying holding in the share capital of the Bank. Subsequently, taking into account that these shares were not disposed of within the period of time set by the legislation in force, shares were cancelled and additional issue of shares was performed. In accordance with the National Commission for Financial Markets Decision no. 15/2 dated 7 April 2016, issued shares were provisionally registered on the Bank's name.

Matter described indicates the existence of uncertainties that may impact the activity of the Bank in the event that new shareholders and new members of the Board of the Bank nominated by those shareholders will not continue the existing financial and operating policies of the Bank. The impact of these matters could not be estimated at the date of approval of the consolidated financial statements and has not been reflected or presented in the consolidated financial statements.

In the Emphasis of Matter paragraph we also draw attention to Note 3 to the consolidated financial statements, which indicates that MAIB - Leasing S.A. incurred a net loss of 17,386 thousand lei during the year ended 31 December 2016 and, as of that date, has accumulated losses of 10,298 thousand lei and equity is less than the share capital by 8,234 thousand lei. For further continuing its activity MAIB - Leasing S.A. is relying on additional support of the Bank and improving its financial performance.

- The communication of other key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

### Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in Note 1.

### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

27 martie 2017

*BDO Audit & Consulting SRL*

BDO Audit & Consulting S.R.L.  
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Eugeniu Raietchi  
Auditor Licențiat  
Licența AIF 0015



*Chişinău. Imagine de la începutul sec. XIX*  
*Images of Chisinau, end of 19th century*

BC Moldova Agroindbank SA  
CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2016

PREPARED IN ACCORDANCE  
WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS

(FREE TRANSLATION\*)

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## **INDEPENDENT AUDITOR'S REPORT to the shareholders of BC Moldova Agroindbank S.A.**

### **Opinion**

We have audited the consolidated financial statements of BC Moldova Agroindbank S.A. (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Moldova, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

We draw attention to Note 1 to the consolidated financial statements, which describe the fact that the National Bank of Moldova (the NBM) has blocked two groups of shareholders of the Bank, acting in concert in relation to the Bank and purchased a qualifying holding in the share capital of the Bank, without having a prior written permission of the NBM. The NBM has asked nominated shareholders to comply with the provisions of the Law on Financial Institutions, which stipulates the obligation of shareholders to sell within three months from the NBM decisions date the qualifying holding in the share capital of the Bank. Subsequently, taking into account that these shares were not disposed of within the period of time set by the legislation in force, shares were cancelled and additional issue of shares was performed. In accordance with the National Commission for Financial Markets Decision no. 15/2 dated 7 April 2016, issued shares were provisionally registered on the Bank's name.

Matter described indicates the existence of uncertainties that may impact the activity of the Bank in the event that new shareholders and new members of the Board of the Bank nominated by those shareholders will not continue the existing financial and operating policies of the Bank. The impact of these matters could not be estimated at the date of approval of the consolidated financial statements and has not been reflected or presented in these consolidated financial statements.

We also draw attention to Note 3 of the consolidated financial statements, which indicates that MAIB - Leasing S.A. incurred a net loss of 17,386 thousand lei during the year ended 31 December 2016 and, as of that date, has accumulated losses of 10,298 thousand lei and equity is less than the share capital by 8,234 thousand lei. For further continuing its activity MAIB - Leasing S.A. is relying on additional support of the Bank and improving its financial performance.

Our opinion is not modified in respect of these matters.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  | Audit response  |
|---|---|
| <b>1 Provision for impairment of loans and advances to customers and lease receivables</b>  |   |
| <p>We focused on this matter due to the significance of loans and advances to customers and lease receivables and the significance of judgements and estimates required for calculation of the related impairment provision.</p> <p>The provision represents management's best estimate of losses incurred within the loans and advances to customers/lease receivables as at the balance sheet date.</p> <p>Specific provisions are calculated on an individual basis for significant loans/receivables. For such provisions, judgement is required to determine when an impairment-event has occurred and then to estimate the expected future cash flows related to the loan/receivable.</p> <p>For all other loans/receivables, collective provisions are calculated on a portfolio basis for loans/receivables of a similar nature. Such provisions are calculated using statistical models estimating the impact of current economic and credit conditions on loans/receivables portfolios. The design of and inputs to the models are subject to management judgement.</p> | <p>We assessed the key methodologies and related models for calculation of the provision for loans/receivables for consistency with the requirements of IFRS.</p> <p>We assessed and tested (on a sample basis) the design and operating effectiveness of the controls over impairment data, the identification of overdue balances and the calculation of the provision.</p> <p>We tested (on a sample basis) loans/receivables, which had not been identified by management as potentially impaired and formed our own judgement as to whether that was appropriate.</p> <p>We tested (on a sample basis) loans/receivables for which the individual provision was calculated. We tested whether the impairment event had been identified in a timely manner, re-performed discounted cash flows calculations, examined the expected future cash flows used by management, challenged the assumptions and compared management estimates to external evidence where available.</p> |
| <p>Refer to Notes 8 and 9 of the accompanying consolidated financial statements.</p>  | <p>We tested (on a sample basis) the basis and operation of collective provisioning models and the data and assumptions used. Our work included comparison of the principal assumptions made with our own knowledge of industry practice and actual experience, testing of the models through re-performance, and various analytical procedures.</p>  |

| Key audit matter   | Audit response   |
|--|--|
| <p><b>2 Valuation of financial instruments not quoted in an active market</b></p>  |  |
| <p>A significant part of the Group’s investments in securities consists of instruments not quoted in an active market (Level 2 and Level 3 instruments). The fair value of these instruments is determined by valuation models that may use complex assumptions and rely on unobservable inputs (Level 3). The significance and subjectivity of these valuations make them a key audit matter.</p> | <p>We assessed the design of models and the sources of significant assumptions used in determining fair value. For a sample of individually significant instruments, we inspected the models and assumptions used, and/or performed an independent valuation assessment using alternative valuation methods and assumptions, where available. We also assessed whether the Group’s disclosures in relation to the valuation of such financial instruments, including disclosures regarding significant Level 3 inputs used and sensitivity of the value to changes in these inputs, are compliant with applicable IFRS requirements.</p> |
| <p>Refer to Note 10 of the accompanying consolidated financial statements.</p>   |  |

| Key audit matter  | Audit response  |
|---|---|
| <p><b>3 Valuation of non-current assets held for sale, investment property and property and equipment</b></p>   |   |
| <p>At 31 December 2016, the Group’s aggregate net value of land and buildings, non-current assets held for sale and investment property was 571,566 thousand lei. The valuation of these assets utilises unobservable inputs and assumptions. Changes in these inputs and assumptions may have a significant impact on the valuation. The significance and subjectivity of these valuations make them a key audit matter.</p> | <p>We assessed the selection of valuation methods and the design of valuation models, as well as the sources of significant assumptions. We also tested the determination of the lower of cost and net realisable value for a sample of individually significant non-current assets held for sale. Where management involved valuation specialists, we assessed their qualification and objectivity. For a sample of individually significant assets, we involved valuation specialist to assist us in assessing the reasonableness of the methodology and assumptions.</p> |
| <p>Refer to Notes 11, 12 and 13 of the accompanying consolidated financial statements.</p>  |   |

**Other matter**

This report is made solely to the Group’s shareholders. Our audit work has been undertaken so that we might state to the Group’s shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group’s shareholder, for our audit work, for this report, or for the opinion we have formed.

**Other information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, to consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anatolie Bernaz.

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27 March 2017



Eugeniu Raietchi  
Licensed Auditor  
License AIF 0015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts are expressed in thousand MDL, if not stated otherwise)

|  | Note | 2016           | 2015           |
|--|------|----------------|----------------|
|  |      | MDL'000        | MDL'000        |
| Interest income  | 24   | 1,612,077      | 1,490,295      |
| Interest expense   | 24   | (775,298)      | (680,646)      |
| <b>Net interest income</b>   |      | <b>836,779</b> | <b>809,649</b> |
| Net impairment loss on loans, lease receivables and other receivables                              | 30   | (310,092)      | (471,292)      |
| <b>Net interest income after impairment loss on loans, lease receivables and other receivables</b> |      | <b>526,687</b> | <b>338,357</b> |
| Fee and commission income  | 25   | 364,508        | 300,354        |
| Fee and commission expense   | 25   | (109,576)      | (76,738)       |
| <b>Net fee and commission income</b>   |      | <b>254,932</b> | <b>223,616</b> |
| Net foreign exchange gains   | 26   | 216,062        | 255,160        |
| Gains from financial assets and liabilities held for trading and available for sale                |      | 2,825          | 7,686          |
| Dividend income  |      | 247            | -              |
| Other operating income   | 27   | 30,121         | 27,842         |
| Impairment loss on available for sale financial assets   | 10   | 5,778          | (14,924)       |
| Impairment loss on other assets  |      | (549)          | (15,810)       |
| Gains from revaluation of investment property  |      | 3,170          | 46,112         |
| Personnel expenses   | 28   | (295,480)      | (213,951)      |
| Other administrative and operating expenses  | 29   | (235,471)      | (214,564)      |
| Amortization expenses  |      | (68,686)       | (58,082)       |
| <b>Operating profit before tax</b>   |      | <b>439,636</b> | <b>381,442</b> |
| Income tax expense   | 19   | (32,398)       | 3,317          |
| <b>Net profit for the year</b>   |      | <b>407,238</b> | <b>384,759</b> |
| <b>Profit attributable to:</b>   |      |                |                |
| Equity holders of the Bank   |      | 403,817        | 382,466        |
| Non-controlling interests  |      | 3,421          | 2,293          |
| <b>Net profit for the year</b>   |      | <b>407,238</b> | <b>384,759</b> |

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts are expressed in thousand MDL, if not stated otherwise)

|  | Note      | 2016<br>MDL'000 | 2015<br>MDL'000 |
|--|-----------|-----------------|-----------------|
| <b>Other comprehensive income</b>  |           |                 |                 |
| <i>Items that are or may be reclassified to profit or loss:</i>                          |           |                 |                 |
| Changes in fair value of available for sale financial assets                             | 10        | 2,460           | 9,896           |
| Deferred tax related to the changes in fair value of available for sale financial assets | 19        | (153)           | (594)           |
| <i>Items that will never be reclassified to profit or loss:</i>                          |           |                 |                 |
| Revaluation of land and buildings  |           | 67,226          | 13,384          |
| Deferred tax related to the revaluation of land and buildings                            | 19        | (7,689)         | 695             |
| <b>Other comprehensive income for the year</b>   |           | <b>61,844</b>   | <b>23,381</b>   |
| <b>Total comprehensive income for the year</b>   |           | <b>469,082</b>  | <b>408,140</b>  |
| <b>Total comprehensive income attributable to:</b>                                       |           |                 |                 |
| Equity holders of the Bank   |           | 465,661         | 405,847         |
| Non-controlling interests  |           | 3,421           | 2,293           |
| <b>Total comprehensive income for the year</b>   |           | <b>469,082</b>  | <b>408,140</b>  |
| <b>Earnings per share expressed in MDL per share)</b>                                    | <b>33</b> | <b>389.17</b>   | <b>375.15</b>   |

The consolidated financial statements were authorized for issue on 27 March 2017 by the Executives of the Bank represented by:

President of the Management Board  
Mr. Serghei Cebotari



Chief Accountant  
Mrs. Carolina Semeniuc

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The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016  
(All amounts are expressed in thousand MDL, if not stated otherwise)

|  | Note | 31.12.2016        | 31.12.2015        |
|--|------|-------------------|-------------------|
|  |      | MDL'000           | MDL'000           |
| <b>ASSETS</b>  |      |                   |                   |
| Cash on hand   | 4    | 465,420           | 515,578           |
| Balances with National Bank of Moldova                         | 5    | 4,010,766         | 3,525,126         |
| Due from banks   | 6    | 2,125,086         | 2,261,334         |
| Financial assets held for trading                              | 7    | -                 | 36,576            |
| Loans and advances to customers                                | 8    | 9,652,416         | 10,329,059        |
| Lease receivables  | 9    | 172,518           | 263,934           |
| Financial assets available for sale                            | 10   | 174,095           | 153,769           |
| Financial assets held to maturity                              | 10   | 2,104,017         | 688,879           |
| Non-current assets held for sale                               | 11   | 24,005            | 24,093            |
| Property and equipment   | 12   | 825,794           | 411,458           |
| Investment property  | 13   | 78,991            | 75,149            |
| Intangible assets  | 14   | 68,510            | 62,708            |
| Other assets   | 15   | <b>163,458</b>    | <b>101,709</b>    |
| <b>Total assets</b>  |      | <b>19,865,076</b> | <b>18,449,372</b> |
| <b>LIABILITIES</b>   |      |                   |                   |
| Due to banks   | 16   | 95,658            | 183,931           |
| Borrowings   | 17   | 848,088           | 1,114,606         |
| Due to customers   | 18   | 15,412,375        | 14,044,541        |
| Deferred tax liabilities                                       | 19   | 35,067            | 24,926            |
| Current tax liability  |      | 6,232             | 8,535             |
| Other liabilities  | 20   | <b>205,316</b>    | <b>113,554</b>    |
| <b>Total liabilities</b>                                       |      | <b>16,602,736</b> | <b>15,490,093</b> |
| <b>EQUITY</b>  |      |                   |                   |
| Ordinary shares  | 21   | 207,527           | 207,527           |
| Share premium  |      | 104,537           | 104,537           |
| Property and equipment revaluation reserve                     |      | 208,511           | 149,548           |
| Available for sale financial assets revaluation reserve        |      | 74,510            | 72,203            |
| Retained earnings  |      | <b>2,656,859</b>  | <b>2,418,489</b>  |
| <b>Total equity attributable to equity holders of the Bank</b> |      | <b>3,251,944</b>  | <b>2,952,304</b>  |
| <b>Non-controlling interests</b>                               |      | <b>10,396</b>     | <b>6,975</b>      |
| <b>Total equity</b>  |      | <b>3,262,340</b>  | <b>2,959,279</b>  |
| <b>Total equity and liabilities</b>                            |      | <b>19,865,076</b> | <b>18,449,372</b> |

The consolidated financial statements were authorized for issue on 27 March 2017 by the Executives of the Bank represented by:

President of the Management Board

Mr. Serghei Cebotari



Chief Accountant

Mrs. Carolina Semeniuc

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts are expressed in thousand MDL, if not stated otherwise)

|   | Attributable to equity holders of the Group |               |   |  |                   |           | Non-controlling interests | Total equity |
|---|---|---------------|---|--|-------------------|-----------|---------------------------|--------------|
|   | Ordinary shares                             | Share premium | Available for sale financial assets revaluation reserve | Property and equipment revaluation reserve | Retained earnings | Total     |                           |              |
|   | MDL'000                                     | MDL'000       | MDL'000   | MDL'000                                    | MDL'000           | MDL'000   | MDL'000                   | MDL'000      |
| <b>Balance as at 1 January 2016</b>                                       | 207,527                                     | 104,537       | 72,203  | 149,548                                    | 2,418,489         | 2,952,304 | 6,975                     | 2,959,279    |
| <b>Total comprehensive income</b>   |   |               |   |  |                   |           |                           |              |
| Net profit for the year   | -   | -             | -   | -  | 403,817           | 403,817   | 3,421                     | 407,238      |
| Other comprehensive income  | -   | -             | 2,307   | 59,537                                     | -                 | 61,844    | -                         | 61,844       |
| <b>Total comprehensive income for the year</b>                            | -   | -             | 2,307   | 59,537                                     | 403,817           | 465,661   | 3,421                     | 469,082      |
| <b>Transaction with shareholders</b>                                      |   |               |   |  |                   |           |                           |              |
| Dividends paid (Note 21)  | -   | -             | -   | -  | (166,021)         | (166,021) | -                         | (166,021)    |
| <b>Other transactions</b>   |   |               |   |  |                   |           |                           |              |
| Transfer of revaluation surplus at the disposal of property and equipment | -   | -             | -   | (574)                                      | 574               | -         | -                         | -            |
| <b>Balance as at 31 December 2016</b>                                     | 207,527                                     | 104,537       | 74,510  | 208,511                                    | 2,656,859         | 3,251,944 | 10,396                    | 3,262,340    |

As at 31 December 2016 the non-distributable legal reserves of the Group amounted to MDL'000 455,140 (2015: MDL'000 392,626). Starting from 2012, according to the National Bank of Moldova requirements, an additional reserve was created by the Group. This reserve is determined as the difference between the allowances for impairment of loans and conditional commitments in accordance with IFRS and the value computed, but non accounted for of allowances for impairment of loans and conditional commitments in accordance with prudential regulations of the National Bank of Moldova (2016: MDL'000 257,397 and 2015: MDL'000 317,773). Both reserves are included in the retained earnings column and are non-distributable.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2016  
 (All amounts are expressed in thousand MDL, if not stated otherwise)

|   | Attributable to equity holders of the Group |                 |               |  |  |                   |           |                           |              |
|---|---|-----------------|---------------|--|--|-------------------|-----------|---------------------------|--------------|
|   | Ordinary shares                             | Treasury shares | Share premium | RAvailable for sale financial assets revaluation reserve | Property and equipment revaluation reserve | Retained earnings | Total     | Non-controlling interests | Total equity |
|   | MDL'000                                     | MDL'000         | MDL'000       | MDL'000  | MDL'000                                    | MDL'000           | MDL'000   | MDL'000                   | MDL'000      |
| <b>Balance as at 1 January 2015</b>                                       | 207,527                                     | (12,854)        | 31,037        | 62,901   | 160,319                                    | 2,114,936         | 2,563,866 | 4,682                     | 2,568,548    |
| <b>Total comprehensive income</b>   |   |                 |               |  |  |                   |           |                           |              |
| Net profit for the year   | -   | -               | -             | -  | -  | 382,466           | 382,466   | 2,293                     | 384,759      |
| Other comprehensive income  | -   | -               | -             | 9,302  | 14,079                                     | -                 | 23,381    | -                         | 23,381       |
| <b>Total comprehensive income for the year</b>                            | -   | -               | -             | 9,302  | 14,079                                     | 382,466           | 405,847   | 2,293                     | 408,140      |
| <b>Transactions with shareholders</b>                                     |   |                 |               |  |  |                   |           |                           |              |
| Dividends paid (Note 21)  | -   | -               | -             | -  | -  | (103,763)         | (103,763) | -                         | (103,763)    |
| Sale of treasury shares   | -   | 12,854          | 73,500        | -  | -  | -                 | 86,354    | -                         | 86,354       |
| <b>Other transactions</b>   |   |                 |               |  |  |                   |           |                           |              |
| Transfer of revaluation surplus at the disposal of property and equipment | -   | -               | -             | -  | (24,850)                                   | 24,850            | -         | -                         | -            |
| <b>Balance as at 31 December 2015</b>                                     | 207,527                                     | -               | 104,537       | 72,203   | 149,548                                    | 2,418,489         | 2,952,304 | 6,975                     | 2,959,279    |

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts are expressed in thousand MDL, if not stated otherwise)

|   | Note | 31.12.2016       | 31.12.2015       |
|---|------|------------------|------------------|
|   |      | MDL'000          | MDL'000          |
| <b>Cash flows from operating activities</b>   |      |                  |                  |
| Interest received   |      | 1,589,495        | 1,473,684        |
| Interest paid   |      | (792,536)        | (660,833)        |
| Commission received   |      | 356,582          | 292,236          |
| Commission paid   |      | (102,562)        | (70,170)         |
| Income received from trading in foreign currencies  | 26   | 231,263          | 294,323          |
| Recoveries of loans previously written-off  | 8    | 16,624           | 16,624           |
| Other operating income received   |      | 19,182           | 22,917           |
| General and administrative expenses paid  |      | (243,265)        | (208,412)        |
| Personnel expenses paid   |      | (299,766)        | (216,734)        |
| <b>Cash flows from operating activities before changes in operating assets and liabilities:</b> |      |                  |                  |
|   |      | <b>775,017</b>   | <b>943,635</b>   |
| <i>Net (increase) / decrease in operating assets :</i>  |      |                  |                  |
| Due from banks  |      | 24,186           | (187,880)        |
| Financial assets held for trading   |      | 40,014           | 141,518          |
| Financial assets held to maturity   |      | 21,150           | (63,659)         |
| Loans and advances to customers   |      | 314,349          | 197,820          |
| Lease receivables   |      | 85,171           | 57,014           |
| Other assets  |      | (1,223)          | (6,803)          |
| <i>Net increase / (decrease) in operating liabilities :</i>                                     |      |                  |                  |
| Due to banks  |      | (7,602)          | 13,581           |
| Due to customers  |      | 1,474,519        | 1,496,629        |
| Other liabilities   |      | 146,120          | 8,212            |
| <b>Net cash from operating activities before tax</b>  |      | <b>2,871,701</b> | <b>2,600,067</b> |
| Income tax paid   |      | (39,154)         | (41,645)         |
| <b>Net cash from operating activities</b>   |      | <b>2,832,547</b> | <b>2,558,422</b> |

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The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 31 DECEMBER 2016  
 (All amounts are expressed in thousand MDL, if not stated otherwise)

|  |      | 2016             | 2015             |
|--|------|------------------|------------------|
|  | Note | MDL'000          | MDL'000          |
| <b>Cash flows from investing activities</b>              |      |                  |                  |
| Purchase of property and equipment and intangible assets |      | (483,656)        | (104,623)        |
| Available for sale financial assets                      |      | (10,327)         | (1,768)          |
| Proceeds from sale of investments in associates          |      | -                | -                |
| <b>Net cash used in investing activities</b>             |      | <b>(493,983)</b> | <b>(106,391)</b> |
| <b>Cash flows from financing activities</b>              |      |                  |                  |
| Repayment of loans and borrowings                        |      | (461,305)        | (616,824)        |
| Proceeds from loans and borrowings                       |      | 133,673          | 326,260          |
| Proceeds from redemption of treasury shares              |      | -                | 86,354           |
| Dividends paid   |      | (222,635)        | (100,909)        |
| <b>Net cash used in financing activities</b>             |      | <b>(550,267)</b> | <b>(305,119)</b> |
| Effect of exchange rate fluctuation                      |      | 17,315           | 352,315          |
| <b>Net increase in cash and cash equivalents</b>         | 23   | <b>1,805,612</b> | <b>2,499,227</b> |
| <b>Cash and cash equivalents as at 1 January</b>         |      | <b>5,200,967</b> | <b>2,701,740</b> |
| <b>Cash and cash equivalents as at 31 December</b>       | 23   | <b>7,006,579</b> | <b>5,200,967</b> |

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 The accompanying notes are an integral part of these consolidated financial statements.

## 1. GENERAL INFORMATION ABOUT THE GROUP

### Reporting entity

Moldova Agroindbank Group (the "Group") includes the parent bank, BC Moldova Agroindbank S.A. (the "Bank") and its subsidiaries domiciled in the Republic of Moldova. The consolidated financial statements of the Group for the year ended on 31 December 2016 include the financial statements of BC Moldova Agroindbank SA and its subsidiaries (together referred to as the "Group"), which form the Group. The subsidiaries comprise the following entities:

| Entities          | Field of activity           | 31.12.16 | 31.12.15 |
|-------------------|-----------------------------|----------|----------|
| MAIB- Leasing SA  | Financial lease             | 100%     | 100%     |
| Moldmediacard SRL | Processing of card payments | 54.24%   | 54.24%   |

The Group has the following business lines: banking, which is performed by BC Moldova Agroindbank SA (the "Bank"), leasing and financing, performed by MAIB-Leasing SA, and processing of card transactions, performed by Moldmediacard SRL.

The Group has 2,194 employees as at 31 December 2016 (2,061 employees as at 31 December 2015).

### BC Moldova Agroindbank SA

BC Moldova Agroindbank SA was incorporated in 1991 as a joint stock commercial bank. The Bank operates through its head office located in Chisinau, through the Clients Operations Division at the Central Office, 66 branches (2015: 66 branches) and 115 representative offices (2015 : 115 offices) located throughout the Republic of Moldova.

The Bank's services are divided in corporate and retail banking operations - individuals and small, micro and medium sized enterprises.

The Bank's corporate banking activities imply attracting deposits, cash handling services, lending and financing of foreign trade. The Bank offers traditional banking services and products, as well as products associated with foreign trade operations, including payment orders, documentary transactions and issuance of letters of credit and guarantees.

The Bank, also, offers a comprehensive range of retail banking services for individuals: savings accounts, demand and term deposits, loans, foreign currency exchange operations and domestic and international funds transfers.

The Bank's shares are listed on the Moldovan Stock Exchange, having the symbol MD14AGIB1008.

As at 31 December 2016, the Bank had 2,153 employees (31 December 2015: 2,020 employees).

The registered office of the Bank is located at 9/1 Constantin Tanase Street, Chisinau, Republic of Moldova.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts are expressed in thousand MDL, if not stated otherwise)

As at 31 December 2016 and 31 December 2015, the bank's shareholders structure was as follows:

|  | 2016        | 2015        |
|--|-------------|-------------|
| Civil society of Bank shareholders and their affiliates* | 13.62%      | 13.57%      |
| OOO "Evrobalt"   | 1.05%       | 4.50%       |
| Ostryn Business Limited                                  | 0.58%       | 0.58%       |
| "Dilnoro Group" SIA                                      | 0.39%       | 0.39%       |
| Hessond Solution Limited                                 | 0.00%       | 4.49%       |
| Dresfond Invest Limited                                  | 0.00%       | 4.48%       |
| Symbol Wood Limited                                      | 0.00%       | 4.41%       |
| Multigold Production Limited                             | 0.00%       | 4.24%       |
| Azyol Development LTD                                    | 0.00%       | 4.00%       |
| BC "Victoriabank" S.A.                                   | 0.00%       | 0.00%       |
| Dunlin Invest LTD  | 0.00%       | 3.64%       |
| UCCC Moldcoop and other entities acting in concert       | 2.52%       | 2.52%       |
| Individuals holding $\geq 1\%$ , directly or indirectly  | 14.84%      | 14.84%      |
| Entities holding $\geq 1\%$ , directly or indirectly**   | 0.00%       | 3.52%       |
| Others***  | 25.91%      | 34.82%      |
| Shares provisionally registered on the Bank's name****   | 41.09%      | 0           |
| <b>Total</b>   | <b>100%</b> | <b>100%</b> |

\*As at 31 December 2016 the Civil society of the Bank's shareholders and its affiliates included 16 members (2015: 16 members) of which 2 (2015: 3 members) were members of the executive management and the other 14 members were affiliated persons (2015: 13 members).

\*\*As at 31 December 2015, four legal entities held indirectly  $\leq 1\%$  an equity interest in the Bank of  $\leq 1\%$ . These companies are as follows: Advanced Asset Protection LTD (0.61%), Business Worldwide Alliance Financial Services LTD (0.98%), Money @ Box LTD (0.95%), Nestol Limited (0.98%). The decision of the NBM Executive Board, no. 157 dated 23/12/2015, ascertained that the above-mentioned shareholders had acquired a qualifying holding in the share capital of the Bank in a total amount of 3.52%, without the prior written permission of the National Bank of Moldova ("NBM"). Respectively, under the decision no. 157 of the EB of NBM, the rights of these four companies to exercise the right to vote were suspended, and these companies were obliged to dispose the qualifying holding in the share capital of the Bank within 3 months after the effective date of the NBM decision no. 157. In May 2016, these legal entities have lost their shareholder status of BC Moldova Agroindbank SA, as a result of the cancellation of 36,605 nominative ordinary shares, with a nominal value of MDL 200 per share of BC Moldova Agroindbank SA, that previously belonged to the following Bank shareholders: Money@Box LTD, Nestol Limited, Business Worldwide Alliance Financial Services LTD and Advanced Asset Protection LTD, and consequently, the previous capital issuance has been restructured.

None of the shareholders included in the "Others" category owns a share equal to or greater than 1% in the Bank's shareholder capital.

\*\*\* Other Bank's shareholders comprise 3,028 (31 December 2015: 3,058 shareholders) of which 2782 shareholders are individuals and 246 are legal entities (31 December 2015: 2,795 individuals and 263 legal entities).

\*\*\*\*The shares provisionally registered on the Bank's name refer to the following two stockholdings:

- The unique stockholding of 36,605 (thirty-six thousand six hundred five) newly issued First Class ordinary shares.
- The unique stockholding of 389,760 (three hundred and eighty-nine thousand seven hundred and sixty) newly issued First Class ordinary shares.

These stockholdings were held by two groups of shareholders that acted in concert and acquired a qualifying holding of 3.53% and 39.58% in the share capital of the Bank, without having a prior written permission of the National Bank of Moldova. According the decisions of NBM Executive Committee nr.157 dated 23 December 2015 and nr.43 dated 2 March 2016, these shareholders voting rights have been suspended and they were required to dispose of the shares they held in the share capital of the Bank within three months from the date of entry into force of NBM decisions. Taking into account that these shares were not disposed of within the time limit set by the legislation in force, the respective shares were cancelled and newly additional shares were issued by BC Moldova Agroindbank. The newly issued shares were provisionally registered on the Bank's name.

### MAIB-Leasing SA

MAIB-Leasing SA is a private equity entity founded by B.C. Moldova Agroindbank SA. ("MAIB") in September 2002 as

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts are expressed in thousand MDL, if not stated otherwise)

a joint-stock company. The main activities performed by the Company are the finance lease of vehicles, commercial, industrial, agricultural and office equipment leasing, as well as the finance lease of real estate property. The Company, also grants financing to car dealers and loans to individuals and legal entities.

The Company operates in the Republic of Moldova and as at 31 December 2016 has 23 employees (24 employees as at 31 December 2015). The registered office of the Company is 49 Tighina Street, Chisinau, Republic of Moldova.

### Moldmediacard SRL

Moldmediacard SRL is a private equity entity founded in March 2000. The business line of the Company is the selection, implementation, development and exploitation of systems implying the processing of card transactions and incorporation in the international card transaction system.

The Company operates in the Republic of Moldova and as at 31 December 2016 has 18 employees (17 employees as at 31 December 2015). The registered office of the Company is 9 Miron Costin Street, Chisinau, Republic of Moldova.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These consolidated financial statements of the Group are prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements (hereinafter referred to as "Financial statements") are prepared considering the going concern assumption and are measured using the currency of the primary economic environment the Group operates in (functional currency). The financial statements are presented in Moldovan lei ("MDL"), rounded to the nearest value expressed in thousand Moldovan lei, which is the Group's functional and presentation currency.

These consolidated financial statements are prepared based on historical cost and/or amortized cost, except for the financial assets held for trading, financial assets available for sale, investment property, which are measured at fair value, and buildings and land which are measured at the revalued amount.

#### *Significant accounting judgments and estimates*

The preparation of financial statements in accordance with IFRS implies the use of certain critical accounting estimates. It also requires management to use its judgment in the process of applying the Group's accounting policies, in terms of reported values for assets, liabilities, income and expenses. The estimates and associated judgments are based on past experience and other factors deemed to be relevant under the given circumstances, the result of which forms the basis of judgments used in assessing the carrying value of assets and liabilities for which no other measurement sources are available. Actual results may differ from these estimated values.

The estimates and underlying assumptions are reviewed continuously. Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period when the estimate is reviewed and future periods, if such revision affects the current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 3.

#### *(a) Standards effective for annual periods beginning on or after 1 January 2016*

The following standards and new interpretations became effective for the Group from 1 January 2016:

**IAS 1: Disclosure Initiative (Amendment).** The amendments to *IAS 1 Presentation of Financial Statements* further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. Management has not made use of this amendment.

**IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (Amendment): Clarification of Acceptable Methods of Depreciation and Amortization.** The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in *IAS 16*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
(All amounts are expressed in thousand MDL, if not stated otherwise)

*Property, Plant and Equipment* and *IAS 38 Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

This amendment did not have a significant impact on the financial statements as the Group does not apply revenue-based methods of amortisation/ depreciation.

**IFRS 11 Joint arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations.** The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group had no transactions in scope of this amendment.

**IAS 19 Defined Benefit Plans (Amended): Employee Contributions.** The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not have any plans that fall within the scope of this amendment.

**IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments).** The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to *IAS 28 Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments had no material impact on the financial statements of the Group.

The **IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2016:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:** The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- **IFRS 7 Financial Instruments: Disclosures:** The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.
- **IAS 19 Employee Benefits:** The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- **IAS 34 Interim Financial Reporting:** The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

None of these amendments had a significant effect on the Group's financial statements.

The **IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 February 2015:

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial..
- **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

((b) *Standards issued but not yet effective*

**IFRS 9 Financial Instruments: Classification and Measurement.** The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Management has made an assessment of the effect of the standard and considers it will have a medium impact on the financial statements of the Group.

**IFRS 15 Revenue from Contracts with Customers.** The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

The Group does not expect that this standard will have a significant impact on the financial statements of the Group.

## 2.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of BC Moldova Agroindbank SA and its subsidiaries: MAIB Leasing SA and Moldmediacard SRL - as at 31 December of each year.

### **Subsidiaries**

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct relevant activities of investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees in order to affect the amount of shareholders' returns

The subsidiaries are consolidated from the date on which the control is transferred to the Group and cease to be consolidated on the date on which the Group transfers the control to a third party.

The financial statements of the subsidiaries are prepared for the same reporting year as for the parent Group, using consistent accounting policies. The list of the Group's subsidiaries is presented in Note 1.

### **Transactions eliminated on consolidation**

Intra-Group balances and transactions, as well as unrealized income and expenses arising from intra-Group transactions, are fully eliminated in the consolidated financial statements.

Unrealized losses are eliminated similarly as unrealized profits, but only to the extent that there is no evidence of impairment.

### **Non-controlling interests**

Non-controlling interest is that part of the net assets and of a subsidiary attributable to interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

The Group measures non-controlling interest that represents present ownership interest and entitles the Group to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis at the non-controlling interest's proportionate share of net assets of the acquire.

## **2.3 Foreign currency translation**

Foreign currency transactions are translated into the functional currency at the exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the closing exchange rate.

The year-end and average exchange rates for 2016 and 2015 were:

|                        | 2016    |         | 2015    |         |
|------------------------|---------|---------|---------|---------|
|                        | USD     | Euro    | USD     | Euro    |
| Average for the period | 19.9238 | 22.0548 | 18.8161 | 20.898  |
| Year end               | 19.9814 | 20.8895 | 19.6585 | 21.4779 |

Exchange differences arising on the settlement of transactions at exchange rates different from those at the date of the original transaction and unrealised foreign exchange differences arising on translation of unsettled foreign currency denominated monetary assets and liabilities are recognised in the "Foreign exchange gains, net" line of the statement of profit or loss.

## **2.4 Financial instruments**

### **Recognition of financial instruments**

The Group recognises a financial asset or a financial liability on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the respective instrument. All regular purchases and sales of financial assets are recognised on the settlement date, i.e. the date that an asset is delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulations or conventions in the market place.

### **Classification of financial instruments**

The Group classifies the financial instruments in the following categories:

#### *Financial assets at fair value through profit or loss*

Assets classified as held for trading are included in the category "Financial assets at fair value through profit and loss". Held for trading investments are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Investments held for trading are initially recorded at fair value. After initial recognition, trading investments are re-measured at fair value based on quoted prices on an active market.

All related realised and unrealised gains or losses are recognised in "Gains on financial assets held for trading" in the statement of profit or loss and other comprehensive income. Interest income on trading investments is included in "Interest income" in the statement of profit or loss and other comprehensive income.

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All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention are recognised at the settlement date.

The Group classified in this category investments in securities issued by the Government that were purchased for trading purposes.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides funds directly to a debtor, with no intention of trading the receivable. These are initially recognized at fair value less the transactions costs, and are subsequently measured at amortized cost using the effective interest method. The Group discloses the information regarding the loan portfolio and the allowance for its impairment based on the following segmentation of clients: corporate, retail entities and retail individuals.

The Group classifies in this category current accounts and placements with other banks, loans and other receivables, finance lease receivables, financing contracts and other receivables.

*Financial assets held to maturity*

Held-to-maturity assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. After the initial recognition at fair value plus transaction costs, held to maturity financial assets are subsequently measured at amortised cost.

The amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in interest income. The losses arising from impairment of such assets are recognised as impairment losses in the statement of profit or loss.

A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

The Group classified in this category the investments in treasury bills and bonds issued by the Government of Moldova and certificates issued by the National Bank of Moldova that are held to maturity.

*Available for sale financial assets*

All assets which are not classified as held for trading or held to maturity or loans and advances are included in available for sale category. All purchases and sales of available for sale assets that require delivery within the time frame established by regulation or market convention are recognised at settlement date.

Available for sale assets are recognised initially at fair value plus transaction costs. Subsequent to the initial recognition, they are re-measured at fair value unless fair value cannot be reliably determined and are measured at cost less any impairment allowance.

Fair values are based on quoted bid prices or amounts derived from cash flow models and ratios which reflect the specific circumstances of the issuer. The changes in fair value for available for sale financial instruments are recognised in other components of comprehensive.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income in the period that occurred as a result of one or more events („ loss events”) that occurred after the initial evaluation of financial assets available for sale. The significant or continuing decrease of fair value of the investment under its cost is an evidence of investment's impairment. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to profit or loss for the year.

The Group classified in this category the equity instruments in enterprises.

*Financial liabilities*

The Group has classified the financial liabilities as *other financial liabilities measured at amortized cost*.

**Fair value measurement**

*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

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Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

#### **Measurement at amortized cost**

*The amortized cost* of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, less the principal repayments, plus the interest calculated, and for financial assets less any impairment allowance. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

#### **Derecognition of financial instruments**

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full, without material delay, to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the related asset, but has transferred control of the asset

When the Group has neither transferred nor retained substantially all the risks and rewards related to the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred assets and is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

#### **Identification and measurement of impairment of financial assets**

Impairment losses are recognized in profit or loss for the year when incurred as a result of one or more loss events that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and reliability of related collateral, if any.

The other main criteria also used in determining whether there is objective evidence that an impairment loss has occurred are as follows:

- a. the unfavourable financial situation of the client, classified in categories D or E according to the Group's internal ratings;
- b. breach of contractual obligations;
- c. restructuring / debt prolongation;
- d. the unfavourable situation in the client's industry/sector;

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- e. indicators of reduction in cash flows in future periods;
- f. negative information obtained from the credit bureau and/or other sources;
- g. other (at the discretion of Group's specialists).

*Individual (specific) assessment of the loans and receivables portfolio*

According to the Group policy, individually assessed loans and receivables are those loans which meet at least one of the following criteria:

- Loans are in the corporate segment;
- Loans exposure exceeds the significance level for an individual loan (based on the exposure of an individual loan - automatic selection);
- Loans exposures with total outstanding balance, i.e. the sum of outstanding balances of all loans granted to the client, exceeding the level of significance for individual clients (based on the overall exposure toward a client - automatic selection);
- Individually significant loans with indicators of impairment as disclosed in points a) - h) above;
- The Group has recognised the loan as individually significant based on internal information (the manual selection).

This means that performing loans are individually assessed if:

- a) The loan is in the corporate segment (no significance level applied)
- b) Loan exposure and / or a client exposures are of the following size:
  - retail segment - corporate (IMM, Micro) exposures exceeding MDL 3,000,000;
  - retail segment – for individuals exposures exceeding MDL 1,000,000.

Impairment losses are always recognized through an allowance account to write down the asset's carrying amount to the present value of expected future cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure minus costs for obtaining and selling the collateral, whether or not foreclosure is probable.

*Collective assessment of loans and receivables portfolio*

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (customer type, credit product, loan-to-value, overdue days status etc.). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated

Future cash flows in a group of financial assets that are collectively assessed for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of the management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not currently exist.

The recovery rate on non-performing loans (loss given default, LGD) is calculated for secured and unsecured loans exposures. The Group uses the three-month time horizon in estimating the collective impairment provision.

Impairment losses are always recognised through an allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through the profit or loss for the year.

*Impairment of financial assets available for sale*

The Group assesses at each reporting date whether there is evidence of impairment of the financial asset or group of financial assets. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of investments under their cost is considered to determine whether the assets are impaired.

If there is such evidence on financial assets available for sale, the accumulate losses – calculated as the difference between the acquisition cost and its current fair value, less any other impairment losses previously recognised in profit or loss, are reclassified from the fair value reserves in other comprehensive income to profit or loss. Impairment losses recognized in profit or loss and other comprehensive income related to interests in entities are not reversed

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through profit or loss and other comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss and other comprehensive income statement.

If there is objective evidence for an impairment loss on an unquoted equity instruments which is not measured at fair value as it cannot be reliably measured, the impairment loss is estimated as the difference between the carrying amount of the financial asset and the discounted future cash flows using the current market rate of return for a similar financial asset. Such impairment losses are not reversed through profit or loss.

#### **Write-off of financial assets**

Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment losses in profit or loss.

#### **Loans and finance lease agreements with renegotiated terms**

Where possible, the Group seeks to restructure loans and finance lease agreements rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan and lease conditions. Management continuously reviews renegotiated loans and finance lease receivables to ensure that all relevant agreed lending and leasing conditions are met and that future payments are likely to occur. The loans and the finance leasing receivables continue to be subject to an individual or collective impairment assessment, as described above.

#### **Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle or realise on a net basis or realise the asset and settle the liability simultaneously.

### **2.5 Investments in associates**

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. In the consolidated financial statements, investments in associates are measured using the equity method of accounting.

### **2.6 Leasing**

#### *Finance leases (the Group as a Lessor)*

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease agreement is recognised at the commencement date of the lease period. The commencement of the lease period is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of assets, liabilities, income and expenses resulting from the lease agreement, as appropriate).

The Group presents the assets held under a finance lease in the statement of financial statement as a receivable at an amount equal to the net investment in the lease. Net investment in the lease is the gross investment in lease discounted at the interest rate implicit in the lease agreement.

For finance leases, the gross investment is the aggregate amount of minimum lease payments plus the unguaranteed residual value. The difference between the gross investment in the lease and the net cost of acquisition of the leased object (the financed amount less commissions, costs, advances and granting fees) is recognized as unearned finance income. The finance lease income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable. The unearned income is presented as a reduction of gross investment in lease. The initial direct costs related to lease agreements are included in the initial value of the finance lease receivable and these reduce the amount of income recognized over the lease term. The lease receivables are subsequently measured at amortized cost using the effective interest method.

### *Operating leases (the Group as a Lessee)*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss and other comprehensive income statement on a straight-line basis over the lease term. The assets that are received in operational lease are not recognised in the statement of financial position of the Group.

## **2.7 Non-current assets held for sale**

Non-current assets classified as held for sale are assets whose carrying amount will be recovered principally through a sale transaction rather than through their continuous use. An asset held for sale must meet the following criteria:

- must be available for immediate sale in its actual condition;
- management must be committed to a plan to sell the asset;
- sale of the asset is highly probable;
- sale is expected to meet the recognition criteria as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. If the fair value of the asset to be reclassified is lower than the carrying amount, the asset must be revalued until the asset is classified as held for sale, in accordance with applicable IFRS.

Non-current asset held for sale which was not sold during one year from the date of classification, ceases to be classified as held for sale, being reclassified as inventories, property and equipment, intangible assets, etc., depending on its characteristics and the intention of the Bank to use it subsequently.

Under certain circumstances, leased objects and pledges that are repossessed from debtors, as a result of the impossibility of collecting doubtful debts related to the lease, are classified as non-current assets held for sale. At the moment of repossession, assets are measured at the lower of the exposure value and the fair value of the leased assets. Subsequently, non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

## **2.8 Property and equipment**

All items of property and equipment are initially recognized at cost. The cost includes expenses directly attributable to the acquisition of the asset. When certain components of property and equipment have different useful lives, they are accounted as distinct elements (major components) of property and equipment.

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for the categories "Buildings" and "Land" – which are stated at revalued amount.

Land and buildings are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When buildings and land are revalued, any accumulated depreciation at the revaluation date is proportionately restated with the modification of the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation, would be equal to its revalued amount. The revaluation surplus included in other comprehensive income in respect of revalued assets is transferred to retained earnings when the asset is derecognized.

Repairs and maintenance are expensed and reported to operating expenses as incurred. Subsequent expenditure on property and equipment is only capitalised when the expenditure improves the condition of the asset beyond the originally assessed standard of performance.

Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying amount and are presented in other operating income.

The depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as stated in the table below. Land and assets under construction are not depreciated.

| Property and equipment            | Years |
|-----------------------------------|-------|
| Buildings                         | 33-50 |
| Improvements of lease-hold assets | 4-15  |
| ATMs                              | 4     |
| Furniture and equipment           | 4-8   |
| Computers                         | 4     |
| Vehicles                          | 5-7   |

## 2.9 Intangible assets

Intangible assets represent costs incurred for acquisition of computer software, licenses and other intangible assets and are amortized using the straight-line method over the best estimate of their useful lives, that is up to 20 years. The amortisation expense on intangible assets is recognised in the statement of profit or loss.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs, beyond one year, are recognized as intangible assets. Direct costs include the costs related to the services provided by the software developer and provider.

## 2.10 Investment property

Investment property are buildings owned by the Group, either held by the Group under a financial lease agreement, or available buildings of the Group held for lease on the basis of one or more operating lease agreements, as well as land held for capital appreciation rather than for sale, including agricultural land, as well as land held for undetermined future use. Investment properties are considered as long-term investments and are initially recognized at cost, including trading cost at initial value, and are subsequently measured at fair value. Thus, gain or loss caused by a change in fair value of the investment property is recognized in profit or loss as incurred.

## 2.11 Due to banks

Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at amortized cost.

## 2.12 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of profit or loss over the period to maturity using the effective interest method.

## 2.13 Due to customers

Due to customers are non-derivative liabilities to individuals, state or legal entities and are carried at amortized cost. Due to state customers are due to public authorities, which are current accounts of the Moldovan Ministry of Finance and deposit accounts of the Social Insurance Fund. These are stated at amortized cost, using the effective interest rate method.

## 2.14 Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts and short-term placements at other banks, treasury bills and other short-term highly liquid investments, with original maturity of less than 90 days. Cash on hand, current accounts and short-term placements are measured at amortized cost. Treasury bills and other highly liquid investments are measured at amortized cost.

## 2.15 Ordinary shares and share premium

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Ordinary shares represent consideration from shareholders equal to nominal value of issued shares. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the nominal value of shares issued is recorded as share premium in equity.

## 2.16 Impairment of non-financial assets

The Group assesses at each reporting date whether there are indications of assets impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value minus costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

## 2.17 Financial guarantees

In the ordinary course of business, the Group issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within "other liabilities") at fair value, being the premium received.

Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized, less, when appropriate, cumulative amortization recognized in the statement of profit or loss, and the best estimate of expenses required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit or loss as "Impairment losses on loans and receivables". The premium received is recognized in the statement of profit or loss as "Commission income" on a straight line basis over the life of the guarantee.

## 2.18 Contingencies

Contingent liabilities are not recognised in the financial statements but they are disclosed in notes, unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

## 2.19 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenses expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Future operating losses are not provided for.

## 2.20 Interest income and expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss are recognized in the statement of profit or loss and other comprehensive income for all instruments measured at amortized cost using the effective interest method. Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income

is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss applied at the net carrying value of the asset.

Fees for loan and leasing commitments that are likely to be granted are deferred (together with direct costs) and are recognized as an adjustment to the effective interest rate on loans and leasing agreements.

## 2.21 Commission income and expense

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Other fee and commission income arising from the financial services provided by the Bank including investment management services, brokerage services, and account service fees are recognized as the related service is provided in the income statement. Other fee and commission expenses relate mainly to transaction and service fees, which are registered as expenses as the services are received.

## 2.22 Pension costs and employees' benefits

The Group makes contributions to the Republic of Moldova state funds for social insurance, medical insurance and unemployment benefits, which are calculated on the basis of salaries of all employees of the Group. The Group does not operate any other retirement plan and has no other obligation to provide further benefits to current or former employees.

## 2.23 Gains from foreign exchange operations

Gains from foreign exchange operations include net realized gains from trading assets and liabilities in foreign currencies and the foreign currency translation differences.

## 2.24 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
  - (i) The entity and the reporting entity are members of the same group (meaning that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in letter (a).
  - (vii) A person referred to in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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*A related party transaction* represents a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

## 2.25 Taxation

Income tax expense for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of reporting period, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period.

The deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The tax rate used to calculate the current and deferred tax position at 31 December 2016 is 12% (2015: 12%).

The deferred tax assets and liabilities are offset at the Group level.

## 2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decisions maker. Segments whose revenue, result or assets are 10% or more of all segments are reported separately. The information on segments is presented in Note 37.

## SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in accordance with the International Financial Reporting Standards requires management to make estimates and assumptions in determining the amounts and balances reported in the financial statements and notes to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

### *Impairment losses on loans and advances, lease receivables and other receivables*

The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified at the level of an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the Group's customers, or national or local economic conditions that correlate with defaults on Group's assets.

Management uses estimates based on historical loss experience for assets with the same credit risk characteristics and objective evidence of impairment similar to those in its portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Management has estimated the impact over the impairment losses on loans assessed collectively using the stress scenario of increase/decrease of the recovery ratio (Loss Given Default) by 10% and probability of default (Probability of Default) by 10% used in estimating the collective impairment losses. Increase of the LGD by 10% and PD's by 10% may generate the increase of impairment losses for loans assessed collectively by MDL'000 **5,007** (in 2015: MDL'000 5,311), while the decrease of these indicators by 10% could generate a decrease of impairment losses by MDL'000 **11,858** (in 2015: MDL'000 12,550).

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Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realization of any assets held as collateral against the loans or contractual cash flows for those exposures that were analyzed for impairment on the basis of contractual cash flows. A 10% increase or decrease of the estimated future discounted cash flows from individually assessed for impairment loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase in loan impairment losses of MDL'000 **191,412** (in 2015: MDL'000 263,505) or decrease in loan impairment losses of MDL'000 **165,860** (in 2015: MDL'000 204,374).

Management has estimated the sensitivity of the collective impairment allowance for finance lease receivables using stress scenarios of increase / decrease of the recovery coefficient (Loss Given Default) by 10% and the probability of non-recovery (Probability of Default) by 10%, used to measure the impairment assessed collectively. The increase of LGD by 10% and of probabilities of default by 10% may cause an increase in the collective impairment with MDL'000 468 (2015: MDL'000 749), whereas 10% reduction of these ratios may cause a decrease in the allowance with MDL'000 2,564 (2015: MDL'000 3,318).

Impairment allowance related to lease receivables assessed for impairment at specific asset level is measured based on estimates of discounted future cash flows related to the lease receivables analyzed individually, taking into account the recovery and foreclosure of lease objects, collateral or collection of contractual cash flows for those exposures analyzed for impairment at specific level. An 10% increase or decrease in the estimated future cash flows of lease receivables analyzed individually for impairment, which may arise from amount or timing differences, would result in an increase in impairment allowance by MDL'000 3,550 (2015: MDL'000 5.726), or in a decrease in impairment allowance by MDL'000 2,564 (2015: MDL'000 3,318).

*Impairment of financial assets available for sale*

The Group determines that available for sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below their cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the volatility in share price. In addition, an impairment allowance may be appropriate when there is evidence of changes in technology or deterioration in the financial position of the investee, industry and sector performance, or operational or financing cash flows.

*Fair value of financial assets available for sale*

Where the fair value of financial assets cannot be derived from market information, they are determined using valuation techniques including the discounted cash flows model. The data about these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to determine fair values.

The estimates include considerations of such inputs as liquidity risk, credit risk and volatility. Changes in judgments about these factors could affect the reported fair value of financial assets. If the fair value cannot be reliably determined the available for sale equity investments are held at cost.

Taking into account that there is no active market for unquoted equity investments and data provided by the market cannot be used in forecasting and estimating of future cash flows, the fair value cannot be measured reliably, thus the impairment is determined with reference to the Group's share in net assets of investees determined based on audited financial statements and the carrying amount of those investments.

*Financial investments held to maturity*

Management applies judgement in assessing whether financial assets can be categorized as held-to-maturity, in particular (a) its intention and ability to hold the assets to maturity and (b) whether the assets are quoted in an active market. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for the specific circumstances -for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available for sale.

*Fair value of financial instruments*

The Group measures the fair value of financial instruments using one of these methods of hierarchy:

Level 1: Quotations in an active market for identical or similar instruments.

Level 2: Valuation techniques based on observable market data. This category includes instruments valued using:

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quotations in active markets for similar instruments; market quotes for similar instruments in markets that are considered less active; or other valuation techniques where all significant data are directly or indirectly observable in the market data.

Level 3: Valuation techniques based on the data which cannot be observed on the market. This category includes all instruments whose valuation method does not include observable and unobservable data and has a significant influence on the assessment instrument. This category includes instruments that are valued based on market quotes for similar instruments where unobservable adjustments or assumptions are required to reflect difference between the instruments.

The objective of valuation techniques is determining fair value, which reflects the price that would be obtained in a transaction in normal market conditions, for the financial instrument at the date of the consolidated financial statements.

Valuation models that use a significant number of unobservable data require a higher proportion of estimates and judgments by management in determining fair value. Estimates and judgments by management is usually required to select the most appropriate valuation model, determining future cash flows of the instrument under valuation, determining the probability of default of the counterparty, and selecting prepayments and discount rates. The portion of this kind of instruments in the Group's portfolio is insignificant.

Please see Note 34 for presentation of fair value of financial instruments and the sensitivity of these at the entries used.

*MAIB-Leasing S.A. going concern*

As at 31 December 2016 MAIB-Leasing S.A. incurred a net loss of MDL'000 17,386 (as at 31 December 2015: net profit of MDL'000 1,613) and has cumulated losses in the amount of MDL'000 10,298 (31 December 2015: retained earnings in the amount of MDL'000 7,345), as a result as at 31 December 2016 equity is less than the share capital by MDL'000 8,234.

As result of significant decrease of leasing and financing portfolio, as at 31 December 2016 MAIB-Leasing S.A. registered net interest loss of MDL'000 925 (31 December 2015: net interest income of MDL'000 7,301).

Management's action plans regarding MAIB-Leasing S.A. going concern are:

- a) Share capital increase

It is being considered the possibility of increasing the share capital through conversion of loans contracted from the Bank.

- b) Other measures to ensure going concern:

- Optimizing of sources and financing costs, which would allow to provide more advantageous financing conditions and attracting customers with high creditworthiness;
- Improving internal risk management regulations in order to improve the quality of credit decisions and portfolio management. Increasing the operational capacity as result of completion of ERP system implementation process.

Projects carried out by management have the objective to make the business profitable in the medium term.

Management considers that Bank's support will be sufficient for going concern and repayment of debts in the normal course of business, without the need for substantial sale of assets, forced interruption of own activities caused by external factors or other similar actions.

#### 4. CASH ON HAND

|      | <b>31.12.2016</b> | <b>31.12.2015</b> |
|------|-------------------|-------------------|
|      | <b>MDL'000</b>    | <b>MDL'000</b>    |
| Cash | 465,342           | 515,487           |

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|       |         |         |
|-------|---------|---------|
| Other | 78      | 91      |
|       |         |         |
|       | 465,420 | 515,578 |

## 5. BALANCES WITH NATIONAL BANK OF MOLDOVA

|                     | 31.12.2016 | 31.12.2015 |
|---------------------|------------|------------|
|                     | MDL'000    | MDL'000    |
| Current account     | 3,069,657  | 2,116,621  |
| Overnight placement | -          | 400,181    |
| Mandatory reserves  | 941,109    | 1,008,324  |
|                     |            |            |
|                     | 4,010,766  | 3,525,126  |

### *Current account and mandatory reserves*

The Group holds the mandatory reserves in accordance with the calculus base and the required reserve ratio established by the Council of Administration of NBM. For means attracted in MDL and in nonconvertible currencies the reserves are held in MDL; for means attracted in USD the reserves are held in USD; for funds attracted in EUR and other convertible currencies the reserves are held in EUR.

The balance reserved in USD and EUR on mandatory reserve accounts amounted to USD'000 15,270 and EUR'000 30,446 respectively (2015: USD'000 16,673 and EUR'000 31,686). For the means attracted with a maturity of less than 2 years the required reserve rate is 35% (2015: 35%), and for funds attracted in freely convertible currency the reserve rate is 14% (2015: 14%). For the means attracted with a maturity of over 2 years it is nil (2015: 0%).

The interest paid by NBM on the mandatory reserves during 2016 varied between 0.18% and 0.25% per annum (2015: 0.17%-0.22% per annum) for reserves in foreign currency and 5.06% – 15.10% per annum (2015: 1.82%-14.55% per annum) for reserves in MDL.

The required reserves have to be kept at an average limit at the 7<sup>th</sup> of each month. The limit should be established at the average level throughout the period of 30/31 days. During the reporting dates to NBM (7 of each month) these can be used in any volumes needed by the Group

## 6. DUE FORM BANKS

|                  | 31.12.2016 | 31.12.2015 |
|------------------|------------|------------|
|                  | MDL'000    | MDL'000    |
| Current accounts | 1,754,548  | 2,021,127  |
| Placements       | 370,538    | 240,207    |
|                  |            |            |
|                  | 2,125,086  | 2,261,334  |

All current accounts and deposit balances are in foreign currencies with foreign banks such as KBC (Belgium), Raiffeisen Bank International AG (Austria), Bank of New York (USA), Commertzbank (Germany), Sberbank (Russia), etc. (2015: KBC (Belgium), Commertzbank (Germany), Bank of New York (USA), Sberbank (Russia), Raiffeisen Bank International AG (Austria), etc.), and in other local banks such as Banca de Finanțe și Comerț, Victoriabank, Moldindconbank, Energbank, Banca Comerciala Romana, Eurocreditbank and Banca Socială (subsidiaries' accounts).

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As the National Bank of Moldova withdrew the license of Banca Sociala on 16.10.2015, the amount of MDL'000 1,026 deposited in the Group's accounts (subsidiary company) at Banca Sociala was sequestered.

The Group's placements include deposit at KBC (Belgium) of MDL'000 179,845 (at 31.12.2015: MDL'000); at Raiffeisen Bank International AG (Austria) of MDL'000 99,911 (at 31.12.2015: MDL'000 147,459) and restricted deposits of MDL'000 90,782 (at 31.12.2015: MDL'000 92,748).

Restricted deposits mainly represent placements for clients and under membership agreements signed with Visa, MasterCard, American Express, Commertzbank of USD'000 2,514 (MDL'000 50,233) and EUR'000 1,939 (MDL'000 40,505) (31 December 2015: USD'000 2,514 (MDL'000 49,421) and EUR'000 2,760 (MDL'000 59,279)). These deposits are held in Commertzbank, HSBC, Standard Chartered and Barclays Bank.

The credit quality analysis of amounts due from banks is presented below:

|                       |                          | 31.12.2016       | 31.12.2015       |
|-----------------------|--------------------------|------------------|------------------|
| Rating                | Rating Agency            | MDL'000          | MDL'000          |
| AA-                   | Fitch                    | 459,705          | 276,545          |
| A2                    | Moody's                  | -                | 2,752            |
| A                     | Fitch                    | 2,797            | -                |
| A-                    | Fitch, Standard & Poor's | 1,502,890        | 1,718,603        |
| Baa1                  | Moody's                  | 43,562           | -                |
| BBB                   | Fitch                    | 100,315          | 255,938          |
| BBB-                  | S&Ps                     | 205              | 25               |
| Rating Baa2 and lower | Moody's                  | 15,092           | 7,321            |
| Without rating        | -                        | 520              | 150              |
|                       |                          | <b>2,125,086</b> | <b>2,261,334</b> |

## 7. FINANCIAL ASSETS HELD FOR TRADING

|                | 31.12.2016 | 31.12.2015 |
|----------------|------------|------------|
|                | MDL'000    | MDL'000    |
| Treasury bills | -          | 36,576     |
|                | -          | 36,576     |

As at 31 December 2016 the Group does not hold treasury bills classified in the category held for trading.

As at 31 December 2015, held for trading assets represent State treasury bills issued by the Ministry of Finance of the

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Republic of Moldova with a maturity of up to 364 days and an interest rate varying between 17.81% and 23.61% per annum.

In 2015 fair value gains from assets held for trading amounted to MDL'000 10,290, gains from the sale of the financial assets held for trading amounted to MDL'000 1,283.

## 8. LOANS AND ADVANCES TO CUSTOMERS

|  | 31.12.2016        | 31.12.2015        |
|--|-------------------|-------------------|
|  | MDL'000           | MDL'000           |
| Corporate customers                          | 6,481,510         | 6,915,003         |
| Retail entities                              | 1,891,218         | 1,933,987         |
| <b>Individuals</b>                           | <b>2,176,648</b>  | <b>2,138,025</b>  |
| <b>Total loans, gross</b>                    | <b>10,549,376</b> | <b>10,987,015</b> |
| <b>Less: allowance for impairment losses</b> | <b>(896,960)</b>  | <b>(657,956)</b>  |
| <b>Total loans, net</b>                      | <b>9,652,416</b>  | <b>10,329,059</b> |

As at 31 December 2016, the gross loan portfolio included overdue payments in the amount of MDL'000 673,937 (2015: MDL'000 431,041). During 2016 loans amounting to MDL'000 46,547 have been written off based on the assessment performed by the management on the recoverability of those loans (2015: MDL'000 76,524).

The concentration of risk in economic sectors for customers' loan portfolio to:

|  | 31.12.2016        |             | 31.12.2015        |             |
|--|-------------------|-------------|-------------------|-------------|
|  | MDL'000           | %           | MDL'000           | %           |
| Agriculture/ Food industry               | 2,663,332         | 25%         | 2,636,437         | 24%         |
| <i>including:</i>                        |                   |             |                   |             |
| <i>agriculture</i>                       | 949,000           | 9%          | 1,075,634         | 10%         |
| <i>food industry</i>                     | 1,714,332         | 16%         | 1,560,803         | 14%         |
| - <i>including wine production</i>       | 747,058           | 7%          | 827,762           | 7%          |
| Non-food industry                        | 931,373           | 9%          | 967,646           | 9%          |
| Loans to individuals                     | 2,176,648         | 21%         | 2,138,025         | 20%         |
| Trade                                    | 3,220,951         | 30%         | 3,643,508         | 33%         |
| Transport                                | 489,887           | 5%          | 560,114           | 5%          |
| Telecommunications                       | 207,953           | 2%          | 254,204           | 2%          |
| Construction and real estate             | 324,143           | 3%          | 381,926           | 4%          |
| Energy sector                            | 156,182           | 2%          | 156,200           | 1%          |
| Financial institutions and organizations | 134,627           | 1%          | 109,926           | 1%          |
| Other                                    | 244,280           | 2%          | 139,029           | 1%          |
| <b>Total loans, gross</b>                | <b>10,549,376</b> | <b>100%</b> | <b>10,987,015</b> | <b>100%</b> |

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The credit quality analysis of loans outstanding as at 31 December 2016 and 31 December 2015 is as follows:

| 31 Decembrie 2016         | Neither past due nor impaired | Past due but not impaired | Individually assessed, with impairment triggers | Total             |
|---------------------------|-------------------------------|---------------------------|---|-------------------|
|                           | MDL'000                       | MDL'000                   | MDL'000   | MDL'000           |
| Corporate customers       | 3,880,751                     | 209,324                   | 2,391,435                                       | 6,481,510         |
| Retail entities           | 1,607,386                     | 94,094                    | 189,738   | 1,891,218         |
| Individuals               | 1,962,736                     | 213,826                   | 86  | 2,176,648         |
| <b>Total loans, gross</b> | <b>7,450,873</b>              | <b>517,244</b>            | <b>2,581,259</b>                                | <b>10,549,376</b> |

| 31 Decembrie 2015         | Neither past due nor impaired | Past due but not impaired | Individually assessed, with impairment triggers | Total             |
|---------------------------|-------------------------------|---------------------------|---|-------------------|
|                           | MDL'000                       | MDL'000                   | MDL'000   | MDL'000           |
| Corporate customers       | 4,131,033                     | 39,241                    | 2,744,729                                       | 6,915,003         |
| Retail entities           | 1,592,087                     | 87,653                    | 254,247   | 1,933,987         |
| Individuals               | 1,961,062                     | 176,963                   | -   | 2,138,025         |
| <b>Total loans, gross</b> | <b>7,684,182</b>              | <b>303,857</b>            | <b>2,998,976</b>                                | <b>10,987,015</b> |

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Loans neither past due nor impaired comprise current loans that comply with the contractual repayment schedules of principal and interest and other credit contractual conditions and which have no evidence of impairment. The impairment for these loans is assessed collectively.

The analysis of neither past due nor impaired loans is presented below:

|  | 31.12.2016       | 31.12.2015       |
|--|------------------|------------------|
|  | MDL'000          | MDL'000          |
| <b>Corporate, including classified as:</b>       |                  |                  |
| Standard   | 2,840,724        | 3,227,575        |
| Supervised                                       | 1,040,027        | 891,010          |
| Non-performing                                   | -                | 12,448           |
|  | 3,880,751        | 4,131,033        |
| <b>Retail entities, including classified as:</b> |                  |                  |
| Standard   | 1,468,934        | 1,468,192        |
| Supervised                                       | 128,065          | 106,026          |
| Non-performing                                   | 10,387           | 17,869           |
|  | 1,607,386        | 1,592,087        |
| <b>Individuals, including classified as:</b>     |                  |                  |
| Standard   | 1,888,738        | 1,921,557        |
| Supervised                                       | 58,620           | 20,692           |
| Non-performing                                   | 15,378           | 18,813           |
|  | 1,962,736        | 1,961,062        |
| <b>Total</b>                                     | <b>7,450,873</b> | <b>7,684,182</b> |

Ageing analysis of past due but not impaired loans by days in arrears is presented below:

| 31 Decembe 2016     | 1-30 days      | 31-60 days    | 61-90 days    | More than 90 days | Total          |
|---------------------|----------------|---------------|---------------|-------------------|----------------|
|                     | MDL'000        | MDL'000       | MDL'000       | MDL'000           | MDL'000        |
| Corporate customers | 83,244         | -             | -             | 126,080           | 209,324        |
| Retail entities     | 57,831         | 5,478         | 6,310         | 24,475            | 94,094         |
| Individuals         | 131,861        | 28,510        | 19,634        | 33,821            | 213,826        |
| <b>Total</b>        | <b>272,936</b> | <b>33,988</b> | <b>25,944</b> | <b>184,376</b>    | <b>517,244</b> |

| 31 Decembe 2015     | 1-30 days      | 31-60 days    | 61-90 days    | More than 90 days | Total          |
|---------------------|----------------|---------------|---------------|-------------------|----------------|
|                     | MDL'000        | MDL'000       | MDL'000       | MDL'000           | MDL'000        |
| Corporate customers | 39,241         | -             | -             | -                 | 39,241         |
| Retail entities     | 46,762         | 10,829        | 4,115         | 25,947            | 87,653         |
| Individuals         | 92,951         | 28,458        | 19,368        | 36,186            | 176,963        |
| <b>Total</b>        | <b>178,954</b> | <b>39,287</b> | <b>23,483</b> | <b>62,133</b>     | <b>303,857</b> |

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Past due, but not impaired loans primarily include the collateralized loans where the fair value of collateral covers the overdue principal and interest payments.

Ageing analysis of loans individually assessed with impairment triggers is presented below:

| 31 Decembrie 2016   | Past due loans   |                |               |               |                   | Total<br>MDL'000 |
|---------------------|------------------|----------------|---------------|---------------|-------------------|------------------|
|                     | Current loans    | 1-30 days      | 31-60 days    | 61-90 days    | More than 90 days |                  |
|                     | MDL'000          | MDL'000        | MDL'000       | MDL'000       | MDL'000           |                  |
| Corporate customers | 1,623,358        | 157,826        | 44,482        | 43,071        | 522,698           | 2,391,435        |
| Retail entities     | 18,428           | 40,019         | 36,253        | 15,738        | 79,300            | 189,738          |
| Individuals         | -                | -              | -             | 86            | -                 | 86               |
| <b>Total</b>        | <b>1,641,786</b> | <b>197,845</b> | <b>80,735</b> | <b>58,895</b> | <b>601,998</b>    | <b>2,581,259</b> |

| 31 Decembrie 2015   | Past due loans   |                |               |               |                   | Total<br>MDL'000 |
|---------------------|------------------|----------------|---------------|---------------|-------------------|------------------|
|                     | Current loans    | 1-30 days      | 31-60 days    | 61-90 days    | More than 90 days |                  |
|                     | MDL'000          | MDL'000        | MDL'000       | MDL'000       | MDL'000           |                  |
| Corporate customers | 2,108,336        | 271,414        | 36,292        | 41,231        | 287,456           | 2,744,729        |
| Retail entities     | 62,465           | 74,768         | 38,885        | 5,380         | 72,749            | 254,247          |
| Individuals         | -                | -              | -             | -             | -                 | -                |
| <b>Total</b>        | <b>2,170,801</b> | <b>346,182</b> | <b>75,177</b> | <b>46,611</b> | <b>360,205</b>    | <b>2,998,976</b> |

The movement in the impairment allowance during the years 2016 and 2015 is presented below:

|                                      | 2016           |                 |               |                | 2015           |                 |               |                |
|--------------------------------------|----------------|-----------------|---------------|----------------|----------------|-----------------|---------------|----------------|
|                                      | Corporate      | Retail entities | Individuals   | Total          | Corporate      | Retail entities | Individuals   | Total          |
|                                      | MDL'000        |                 |               |                | MDL'000        |                 |               |                |
| Balance as at 1 January              | 534,292        | 101,797         | 21,867        | 657,956        | 234,793        | 60,866          | 13,344        | 309,003        |
| Impairment charge                    | 244,590        | 30,977          | 9,984         | 285,551        | 359,196        | 47,390          | 18,891        | 425,477        |
| Amounts written off as uncollectible | (11,858)       | (28,371)        | (6,318)       | (46,547)       | (59,697)       | (6,459)         | (10,368)      | (76,524)       |
| <b>Balance as at 31 December</b>     | <b>767,024</b> | <b>104,403</b>  | <b>25,533</b> | <b>896,960</b> | <b>534,292</b> | <b>101,797</b>  | <b>21,867</b> | <b>657,956</b> |

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The movement in individual and collective provision for impairment during the years 2016 and 2015 is as follows:

|                                      | 2016                 |                      |                | 2015                 |                      |                |
|--------------------------------------|----------------------|----------------------|----------------|----------------------|----------------------|----------------|
|                                      | Individual provision | Collective provision | Total          | Individual provision | Collective provision | Total          |
|                                      | MDL'000              |                      |                | MDL'000              |                      |                |
| Balance as at 1 January              | 610,011              | 47,945               | 657,956        | 292,801              | 16,202               | 309,003        |
| Impairment charge                    | 274,933              | 10,618               | 285,551        | 380,141              | 45,336               | 425,477        |
| Amounts written off as uncollectible | (39,493)             | (7,054)              | (46,547)       | (62,931)             | (13,593)             | (76,524)       |
| <b>Balance as at 31 December</b>     | <b>845,451</b>       | <b>51,509</b>        | <b>896,960</b> | <b>610,011</b>       | <b>47,945</b>        | <b>657,956</b> |

The impairment charge for the period is different from the figure disclosed in the statement of profit or loss for the years 2016 and 2015, due to the recoveries of loans previously written off as uncollectible amounting to MDL'000 10,892 (2015: MDL'000 16,624) and due to the difference in exchange rate for 2016 amounting to MDL'000 12,273 (2015: MDL'000 6,726)– see Note 30. The amount of the recoveries was credited directly to the release of the impairment charge in the statement of profit or loss for the year.

The impairment coverage ratio for the Groups' loan portfolio is as follows:

|   | 31.12.2016 | 31.12.2015 |
|---|------------|------------|
|   | %          | %          |
| Total impairment coverage ratio (to total loan portfolio) | 8.5        | 5.99       |
| Individual impairment ratio                               | 30.64      | 19.59      |
| Collective impairment ratio                               | 0.66       | 0.61       |

The table below shows the carrying amount of the renegotiated loans of the Group:

|                     | 31.12.2016       | 31.12.2015     |
|---------------------|------------------|----------------|
|                     | MDL'000          | MDL'000        |
| Corporate customers | 1,166,314        | 586,684        |
| Retail entities     | 78,131           | 98,094         |
| Individuals         | 423              | 383            |
|                     | <b>1,244,868</b> | <b>685,161</b> |

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## 9. LEASE RECEIVABLES

The Group is the lessor in finance lease agreements in EUR, USD and MDL, having as lease objects vehicles, commercial, industrial, agricultural and office equipment, as well as industrial, commercial and residential buildings.

|   | 31.12.2016     | 31.12.2015     |
|---|----------------|----------------|
|   | MDL'000        | MDL'000        |
| <b>Gross investment in finance leases receivable</b>          |                |                |
| Less than one year  | 132,532        | 192,362        |
| Between one and five years                                    | 70,603         | 143,501        |
| More than five years  | -              | 1,106          |
|   | 203,135        | 336,969        |
| Unearned finance income on finance leases                     | (18,280)       | (39,768)       |
| Allowances for impairment losses on finance lease receivables | (12,337)       | (33,267)       |
|   |                |                |
| <b>Net investment in finance leases</b>                       | <b>172,518</b> | <b>263,934</b> |

The Group's net investment in finance leases is as follows:

|   | 31.12.2016     | 31.12.2015     |
|---|----------------|----------------|
|   | MDL'000        | MDL'000        |
| Less than one year  | 122,150        | 171,574        |
| Between one and five years                                    | 62,705         | 124,542        |
| More than five years  | -              | 1,085          |
|   | 184,855        | 297,201        |
| Allowances for impairment losses on finance lease receivables | (12,337)       | (33,267)       |
| <b>Net investment in finance leases</b>                       | <b>172,518</b> | <b>263,934</b> |

In accordance with the tax legislation of the Republic of Moldova, the amount of lease receivables for VAT taxable items included the amount of VAT related to the principal to be invoiced in the future based on leasing rates. As at 31 December 2016 the VAT incorporated in the net investment in finance lease amounted to MDL'000 6,868 (31 December 2015: MDL'000 10,617).

Net investment in finance leases, net of VAT to be collected is MDL'000 165,649 at 31 December 2016 and MDL'000 253,317 MDL as at 31 December 2015.

Movements in allowance for impairment losses on finance lease receivables are presented below:

|                                    | Note | 2016          | 2015          |
|------------------------------------|------|---------------|---------------|
|                                    |      | MDL'000       | MDL'000       |
| <b>Balance as at 1 January</b>     |      | 33,267        | 21,287        |
| Net impairment charge              | 30   | (10,740)      | 11,980        |
| Amounts cancelled as unrecoverable |      | (10,190)      | -             |
| <b>Balance as at 31 December</b>   |      | <b>12,337</b> | <b>33,267</b> |

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As at 31 December 2016, investment in lease incorporated past due rates of MDL'000 50,968 (31 December 2015: MDL'000 61,022), including 58 customers with past due rates of MDL'000 43,948 analysed individually for impairment (31 December 2015: 72 customers, MDL'000 54,908).

As at 31 December 2016 the Group pledged the right to collect finance lease receivables in full value (the contractual amount of the collateral is MDL'000 462,912 (31 December 2015: MDL'000 531,416)).

The credit quality analysis of lease receivables outstanding as at 31 December 2016 and 31 December 2015 is as follows:

|  | 2016        |                | 2015        |                |
|--|-------------|----------------|-------------|----------------|
|  | Individuals | Legal entities | Individuals | Legal entities |
| Neither past due nor impaired                  | 20,137      | 33,616         | 29,770      | 40,959         |
| Past due but not impaired                      | 21,794      | 26,534         | 44,075      | 68,621         |
| Individually assessed with impairment triggers | 40,625      | 42,149         | 49,769      | 64,007         |
| Gross  | 82,556      | 102,299        | 123,614     | 173,587        |
| Individual provision                           | (1,250)     | (1,808)        | (7,418)     | (21,365)       |
| Collective provision                           | (4,923)     | (4,356)        | (2,262)     | (2,222)        |
| Net  | 76,383      | 96,135         | 113,934     | 150,000        |

*Lease receivables neither past due nor impaired:*

|                               | Individuals | Legal entities | Total   |
|-------------------------------|-------------|----------------|---------|
| <b>As at 31 December 2016</b> |             |                |         |
| Lease receivables             | 20,137      | 33,616         | 53,753  |
| Fair value of collateral      | 44,776      | 47,424         | 92,200  |
| <b>As at 31 December 2015</b> |             |                |         |
| Lease receivables             | 29,770      | 40,959         | 70,729  |
| Fair value of collateral      | 53,192      | 49,326         | 102,518 |

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*Lease receivables past due but not impaired:*

|                               | Individuals | Legal entities | Total   |
|-------------------------------|-------------|----------------|---------|
| <b>As at 31 December 2016</b> |             |                |         |
| Past due up to 30 days        | 12,323      | 16,991         | 29,314  |
| Past due 31-60 days           | 9,471       | 9,543          | 19,014  |
| Total                         | 21,794      | 26,534         | 48,328  |
|                               |             |                |         |
| Valoare justă a garanțiilor   | 37,125      | 56,520         | 93,645  |
| <b>As at 31 December 2015</b> |             |                |         |
| Past due up to 30 days        | 19,609      | 45,358         | 64,967  |
| Past due 31-60 days           | 24,466      | 23,263         | 47,729  |
| Total                         | 44,075      | 68,620         | 112,696 |
|                               |             |                |         |
| Valoare justă a garanțiilor   | 66,573      | 119,747        | 186,320 |

*Lease receivables individually assessed with impairment triggers:*

|                               | Individuals | Legal entities | Total   |
|-------------------------------|-------------|----------------|---------|
| <b>As at 31 December 2016</b> |             |                |         |
| Gross amount                  | 40,625      | 42,149         | 82,774  |
| Fair value of collateral      | 43,702      | 45,874         | 89,576  |
|                               |             |                |         |
| <b>As at 31 December 2015</b> |             |                |         |
| Gross amount                  | 49,769      | 64,007         | 113,776 |
| Fair value of collateral      | 53,787      | 61,909         | 115,696 |

The financial effect of collateral is presented by disclosing collateral values separately for (i) those assets where the value of collateral is equal to or exceeds the carrying value of the asset ("over-collateralised assets") and (ii) those assets where the value of collateral is less than the carrying value of the asset ("under-collateralised assets"):

| <b>As at 31 December 2016</b>      | <b>Over-collateralised assets</b> |                                 | <b>Under-collateralised assets</b> |                                 |
|------------------------------------|-----------------------------------|---------------------------------|------------------------------------|---------------------------------|
|                                    | <b>Carrying value of assets</b>   | <b>Fair value of collateral</b> | <b>Carrying value of assets</b>    | <b>Fair value of collateral</b> |
| Lease receivables - individuals    | 73,736                            | 123,381                         | 2,648                              | 2,222                           |
| Lease receivables – legal entities | 71,722                            | 132,778                         | 24,412                             | 17,041                          |
| <b>Total</b>                       | <b>145,457</b>                    | <b>256,159</b>                  | <b>27,060</b>                      | <b>19,263</b>                   |

| <b>As at 31 December 2015</b>      | <b>Over-collateralised assets</b> |                                 | <b>Under-collateralised assets</b> |                                 |
|------------------------------------|-----------------------------------|---------------------------------|------------------------------------|---------------------------------|
|                                    | <b>Carrying value of assets</b>   | <b>Fair value of collateral</b> | <b>Carrying value of assets</b>    | <b>Fair value of collateral</b> |
| Lease receivables - individuals    | 108,556                           | 168,667                         | 5,378                              | 4,885                           |
| Lease receivables – legal entities | 121,820                           | 208,345                         | 28,180                             | 22,637                          |
| <b>Total</b>                       | <b>230,375</b>                    | <b>377,012</b>                  | <b>33,558</b>                      | <b>27,522</b>                   |

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Restructuring practices include extend repayment schedules, amend and defer the repayments. Following the restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts.

Restructuring policies and practices are based on indicators or criteria which, in the management's opinion indicate that payment will most likely be made. These policies are reviewed on an ongoing basis.

The Group renegotiated 12 lease agreements during 2016 (2015: 14). The receivables with overdue balances that have been restructured amount to MDL'000 2,916 (2015: MDL'000 6,655).

|   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
|   | <b>MDL' 000</b>   | <b>MDL' 000</b>   |
| Impaired after restructuring  | 412               | 2,292             |
| Not impaired after restructuring - would have been impaired otherwise | 3,856             | 4,363             |
|   | 4,268             | 6,655             |

Overdue categories of renegotiated finance lease agreements include as follows:

|                         | <b>31.12.2016</b> | <b>31.12.2015</b> |
|-------------------------|-------------------|-------------------|
|                         | <b>MDL' 000</b>   | <b>MDL' 000</b>   |
| Not past due            | 139               | -                 |
| Past due up to 30 days  | 1,041             | 2,707             |
| Past due for 31-60 days | 2,009             | 1,656             |
| Past due for 61-90 days | 667               | -                 |
|                         | 3,856             | 4,363             |

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10. FINANCIAL INVESTMENTS

|                                     | <b>31.12.2016</b> | <b>31.12.2015</b> |
|-------------------------------------|-------------------|-------------------|
|                                     | <b>MDL'000</b>    | <b>MDL'000</b>    |
| Financial assets held to maturity   | 2,104,017         | 688,879           |
| Financial assets available for sale | 174,095           | 153,769           |
|                                     | <b>2,278,112</b>  | <b>842,648</b>    |

*Held to maturity financial assets*

|                                | <b>31.12.2016</b> | <b>31.12.2015</b> |
|--------------------------------|-------------------|-------------------|
|                                | <b>MDL'000</b>    | <b>MDL'000</b>    |
| State securities               | 619,310           | 665,571           |
| Government bonds               | 47,510            | 23,308            |
| Certificates issued by the NBM | 1,437,197         | -                 |
|                                | <b>2,104,017</b>  | <b>688,879</b>    |

As at 31 December 2016 the state securities issued by the Ministry of Finance of the Republic of Moldova had a maturity of 91 to 365 days, with an annual interest rate ranging between 5.70 % and 26.54% (2015: 13.20% and 26.51% per annum). As at 31 December 2016 government bonds issued by the Ministry of Finance of the Republic of Moldova had a maturity of 730 to 1096 days, with an annual interest rate ranging between 7.00 % and 16.25% (2015:8.00% and 24.96% per annum).

As at 31 December 2016 the Group had certificates issued by the National Bank of Moldova in Group portfolio in amount of MDL'000 1,440 with an annual interest rate of 9% (as at 31 December 2015 the Group had no certificates issued by the National Bank of Moldova in Group portfolio).

As at 31 December 2016 and 31 December 2015 the Group had no state securities or certificates issued by the NBM held to maturity and pledged as collateral.

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Available for sale investments

|   | Field of activity             | Ownership % |        | 31.12.2016     | 31.12.2015     |
|---|-------------------------------|-------------|--------|----------------|----------------|
|   |                               | 2016        | 2015   | MDL'000        | MDL'000        |
| Visa Inc.   | Transaction processing        | 0.001%      | 0.001% | 47,601         | 46,034         |
| IM Suedzucker Moldova SA                                | Sugar processing              | 12.37%      | 12.37% | 43,283         | 42,608         |
| IM Glass Container Prim SA                              | Glass manufacturing           | 16.89%      | 16.89% | 41,400         | 37,516         |
| IM Glass Container Company SA                           | Glass manufacturing           | 17.43%      | 17.43% | 27,143         | 25,249         |
| IM „Biroul de Credit SRL                                | Bureau of credit histories    | 6.70%       | 6.70%  | 1,019          | 1,019          |
| S.W.I.F.T. SCRL   | Transaction processing        | 0.01%       | 0.01%  | 844            | 708            |
| Garant Invest SRL                                       | Financial intermediaries      | 9.92%       | 9.92%  | 440            | 440            |
| Depozitarul Național de Valori Mobiliare al Moldovei SA | Depository services, clearing | 5.30%       | 5.30%  | 131            | 131            |
| SA Astraea  | Bookstore                     | 4.26%       | 4.26%  | 57             | 57             |
| Bursa de Valori din Moldova SA                          | Auctions and brokerage        | 2.56%       | 2.56%  | 7              | 7              |
| IM Piele SA   | Leather manufacturing         | 12.80%      | 12.80% | -              | -              |
| State securities  |                               |             |        | <b>12,170</b>  | -              |
|   |                               |             |        | <b>174,095</b> | <b>153,769</b> |

Available for sale investments such as I.M. „Suedzucker Moldova” S.A., I.M. „Glass Container Company” S.A. and I.M. „Glass Container Prim” S.A., Visa Inc. and S.W.I.F.T. SCRL were recognized at fair value as at 31 December 2016, and other available for sale investments are stated at the historical cost because its fair value cannot be reliably determined. The fair value of investments in the equity of Î.M. „Glass Container Company” S.A., Î.M. „Glass Container Prim” S.A. and Î.M. „Suedzucker Moldova” S.A was determined based on the valuation performed by an external valuer.

The fair value of the Group's equity investment in ÎM Suedzucker Moldova S.A., Î.M. „Glass Container Company” S.A. and Î.M. „Glass Container Prim” S.A. were estimated using the discounted cash flows method. The estimates were made based on the companies' forecasted financial ratios for the following 4 years (2017 – 2020), an annual long-term growth rate of 5% based on the inflation rate forecasted by the National Bank of Moldova for the following periods and projected growth in cash flows based on the assumption that inflation will be the main factor that will lead to price changes and as a result increase in generated revenues; and a discount rate for the net cash flows determined by applying the weighted average cost of capital method (WACC).

The carrying value of equity investment in S.W.I.F.T. SCRL is the value confirmed by the General Meeting of Shareholders of S.W.I.F.T. SCRL based on the financial statement of the Company.

As at 31 December 2016 the fair value of equity investment in Visa Inc. was determined based on the price quoted on the NYSE stock exchange, this technique being the Level 1 in the hierarchy.

It is impossible to determine the fair value of the Group's investment in the equity of Î.M. „Piele” SA based on cash flow or other financial data since this company ceased its activity. The Group's management decided to maintain the

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amount of the impairment allowance at full cost of the investment, as accounted for as at 31 December 2012.

Other Group's investments, such as equity investments in IM Biroul de Credit SRL, Depozitarul National de Valori Mobiliare al Moldovei, SA Garant Invest SRL and Bursa de Valori a Moldovei SA were acquired by the Group in order to ensure its participation on the local market, according to the regulatory requirements for stock exchange market and constitutes a lever for promoting and diversifying the Group's products/services.

State securities were classified as available for sale financial assets in order to have a reserve if the Group would have the need for money and would sell them on the secondary market. The final maturity of these state securities is 20 April 2017.

Refer to Note 34 for the fair value measurement disclosures.

The movement in the Group's equity investment portfolio is presented below:

|                                       | 2016           | 2015           |
|---------------------------------------|----------------|----------------|
|                                       | MDL'000        | MDL'000        |
| Balance as at 1 January               | 153,769        | 158,064        |
| Additions                             | 12,088         | 733            |
| Increase/(decrease) of the fair value | 4,354          | 9,896          |
| (Increase)/decrease of impairment     | 3,884          | (14,924)       |
| <b>Balance as at 31 December</b>      | <b>174,095</b> | <b>153,769</b> |

## 11. NON-CURRENT ASSETS HELD FOR SALE

As at 31 December 2016 the Group has classified foreclosed collateral as assets held for sale at book value of MDL'000 20,060 (31 December 2015: MDL'000 24,093), and property and equipment classified as held for sale in accordance with IFRS 5 provisions in the amount of MDL'000 3,945 (31 December 2015: MDL'000 0).

Non-current assets held for sale include residential and commercial real estate property, cars and equipment taken into possession from lessees, as a result of forced interruption of leasing agreements as a result of overdue payments.

Property and equipment classified as held for sale include buildings and related land from Străseni and Telenesti, which were reclassified as "Non current assets held for sale" from property and equipment categories "Land and buildings" and "Assets under construction", based on the Group's management decision. In accordance with IFRS 5 provisions, non current assets held for sale were recognised at fair value.

| Type  | 31.12.2016    | 31.12.2015    |
|---|---------------|---------------|
|   | MDL           | MDL           |
| <b>Foreclosed collateral</b>                          | <b>21,957</b> | <b>24,831</b> |
| Real estate   | 13,401        | 17,742        |
| Vehicles  | 5,372         | 5,755         |
| Trucks  | 2,138         | 1,052         |
| Special equipment                                     | 764           | -             |
| Equipment   | 282           | 282           |
| <b>Non-current assets held for sale (see Note 12)</b> | <b>3,945</b>  | <b>-</b>      |
| Allowance for impairment                              | (1,897)       | (738)         |
| <b>Net non-current assets held for sale</b>           | <b>24,005</b> | <b>24,093</b> |

The foreclosed collaterals are pledged for contracted borrowings.

## 12. PROPERTY AND EQUIPMENT

|  | Revalued           | Cost                    |               |                        |                           | Total          |
|--|--------------------|-------------------------|---------------|------------------------|---------------------------|----------------|
|  | Land and buildings | Furniture and equipment | Vehicles      | Leasehold improvements | Assets under construction |                |
|  | MDL'000            | MDL'000                 | MDL'000       | MDL'000                | MDL'000                   |                |
| <b>As at 1 January 2016</b>                      |                    |                         |               |                        |                           |                |
| Cost/revalued amount                             | 389,957            | 382,931                 | 28,185        | 18,499                 | 40,675                    | 860,247        |
| Accumulated depreciation                         | (136,075)          | (279,256)               | (17,071)      | (16,387)               | -                         | (448,789)      |
| <b>Net book value</b>                            | <b>253,882</b>     | <b>103,675</b>          | <b>11,114</b> | <b>2,112</b>           | <b>40,675</b>             | <b>411,458</b> |
| <b>Year ended 31 December 2016</b>               |                    |                         |               |                        |                           |                |
| Net value as at 1 January                        | 253,882            | 103,675                 | 11,114        | 2,112                  | 40,675                    | 411,458        |
| Additions  | 143,480            | 5,008                   | -             | -                      | 256,507                   | 404,995        |
| Revaluations                                     | 68,050             | -                       | -             | -                      | 395                       | 68,445         |
| Transfers  | 13,146             | 68,481                  | 6,954         | 6,348                  | (94,929)                  | -              |
| Disposals, net                                   | (9)                | (95)                    | (992)         | -                      | -                         | (1,096)        |
| Reclassified in non-current assets held for sale | (895)              |                         |               |                        | (3,050)                   | (3,945)        |
| Depreciation charge                              | (9,084)            | (40,305)                | (3,408)       | (1,266)                | -                         | (54,063)       |
| <b>Net book value</b>                            | <b>468,570</b>     | <b>136,764</b>          | <b>13,668</b> | <b>7,194</b>           | <b>199,598</b>            | <b>825,794</b> |
| <b>As at 31 December 2016</b>                    |                    |                         |               |                        |                           |                |
| Cost/revalued amount                             | 642,470            | 452,551                 | 33,494        | 24,847                 | 199,598                   | 1,352,960      |
| Accumulated depreciation                         | (173,900)          | (315,787)               | (19,826)      | (17,653)               | -                         | (527,166)      |
| <b>Net book value</b>                            | <b>468,570</b>     | <b>136,764</b>          | <b>13,668</b> | <b>7,194</b>           | <b>199,598</b>            | <b>825,794</b> |

As at 31 December 2016, the cost of the Group's fully depreciated but still used property and equipment amounted to MDL'000 245,830 (as at 31 December 2015: MDL'000 223,221).

Property and equipment are valued at cost less accumulated depreciation and impairment losses, with the exception of the category "Land and buildings", which in 2016 was revalued at fair value in accordance with IAS 16 provisions. Evaluation was made by an independent evaluator, which has a recognized professional qualification, experience and positive reputation on the real estate market. Fair values were estimated using appropriate valuation techniques and are based on observable market prices in an active market. As a result of revaluation performed, there was recorded an increase of the book value by MDL'000 68,445. Thus, an increase of MDL'000 67,163 was recorded in the revaluation account of property and equipment in the Group's capital, and the amount of MDL'000 1,282 was reflected as additional profit in the Group's statement of profit or loss.

Fair value estimates are presented in Note 34.

As at 31 December 2016, the carrying value of land and buildings would have been MDL'000 392,269 (31 December 2015: MDL'000 80,865) had the assets been carried at cost less depreciation.

During 2015, the Group sold the land at 9 Miron Costin str., Chisinau. The carrying value of land disposed was MDL'000 11,717, and the revaluation reserve related to this land was MDL'000 13,273.

During 2016, based on the decision of the Group's management to sell the buildings and related land from Străseni and Telenesti, the Group reclassified property and equipment in the total amount of MDL'000 3,945 from the categories "Land and buildings" and "Assets under construction" to "Non-current assets held for sale". In accordance with IFRS 5 provisions, assets held for sale were recognised at fair value.

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|                                    | Revalued           | Cost                    |               |                        |                           | Total          |
|------------------------------------|--------------------|-------------------------|---------------|------------------------|---------------------------|----------------|
|                                    | Land and buildings | Furniture and equipment | Vehicles      | Leasehold improvements | Assets under construction |                |
|                                    | MDL'000            | MDL'000                 | MDL'000       | MDL'000                | MDL'000                   |                |
| <b>As at 1 January 2015</b>        |                    |                         |               |                        |                           |                |
| Cost/revalued amount               | 392,692            | 326,284                 | 28,767        | 18,706                 | 21,298                    | 787,747        |
| Accumulated depreciation           | (125,885)          | (255,092)               | (14,687)      | (15,797)               | -                         | (411,461)      |
| <b>Net book value</b>              | <b>266,807</b>     | <b>71,192</b>           | <b>14,080</b> | <b>2,909</b>           | <b>21,298</b>             | <b>376,286</b> |
| <b>Year ended 31 December 2015</b> |                    |                         |               |                        |                           |                |
| Net value as at 1 January          | 266,807            | 71,192                  | 14,080        | 2,909                  | 21,298                    | 376,286        |
| Additions                          | -                  | 577                     | -             | -                      | 90,513                    | 91,090         |
| Revaluation                        | 111                | -                       | -             | -                      | -                         | 111            |
| Transfers                          | 8,872              | 61,464                  | 206           | 593                    | (71,135)                  | -              |
| Disposals, net                     | 11,718             | 150                     | 54            | 495                    | -                         | 12,417         |
| Depreciation                       | (10,190)           | (29,407)                | (3,119)       | (895)                  | -                         | (43,611)       |
| <b>Net book value</b>              | <b>253,882</b>     | <b>103,675</b>          | <b>11,114</b> | <b>2,112</b>           | <b>40,675</b>             | <b>411,458</b> |
| <b>As at 31 December 2015</b>      |                    |                         |               |                        |                           |                |
| Cost/ revalued amount              | 389,957            | 382,931                 | 28,185        | 18,499                 | 40,675                    | 860,247        |
| Accumulated depreciation           | (136,075)          | (279,256)               | (17,071)      | (16,387)               | -                         | (448,789)      |
| <b>Net book value</b>              | <b>253,882</b>     | <b>103,675</b>          | <b>11,114</b> | <b>2,112</b>           | <b>40,675</b>             | <b>411,458</b> |

### 13. INVESTMENT PROPERTY

|                          | 2016          | 2015          |
|--------------------------|---------------|---------------|
|                          | MDL'000       | MDL'000       |
| As at 1 January          | 75,149        | 16,816        |
| Additions                | 1,633         | 12,221        |
| Disposals                | (961)         | -             |
| Revaluation              | 3,170         | 46,112        |
| <b>As at 31 December</b> | <b>78,991</b> | <b>75,149</b> |

#### 14. INTANGIBLE ASSETS

|                                | <b>2016</b>      | <b>2015</b>     |
|--------------------------------|------------------|-----------------|
|                                | <b>MDL'000</b>   | <b>MDL'000</b>  |
| <b>Balance as at 1 January</b> |                  |                 |
| Cost                           | 149,413          | 124,352         |
| Accumulated amortization       | <b>(86,705)</b>  | <b>(72,234)</b> |
| <b>Net book value</b>          | <b>62,708</b>    | <b>52,118</b>   |
| <b>Year ended 31 December</b>  |                  |                 |
| Net value as at 1 January      | 62,708           | 52,118          |
| Additions                      | 20,425           | 25,328          |
| Disposals                      | -                | (267)           |
| Amortisation charge            | <b>(14,623)</b>  | <b>(14,471)</b> |
| <b>Net book value</b>          | 68,510           | 62,708          |
| <b>As at 31 December</b>       |                  |                 |
| Cost                           | 168,817          | 149,413         |
| Accumulated amortization       | <b>(100,307)</b> | <b>(86,705)</b> |
| <b>Net book value</b>          | <b>68,510</b>    | <b>62,708</b>   |

Intangible assets are initially recognized at cost and subsequently are measured at cost less accumulated depreciation and impairment losses, if any. Intangible assets are depreciated on a straight-line basis throughout their useful lives

As at 31 December 2016 the cost of fully amortized intangible assets comprising in total 65 units (2015: 62 units) amounted to MDL'000 15,821 (2015: MDL'000 13,984).

Intangible assets comprise the automatic banking system T24 with a carrying value of MDL'000 31,668 as at 31 December 2016 (2015: MDL'000 28,328), which, according to contractual provisions, will be used by the Group till 30 September 2030.

In 2015 the Group launched the project of acceptance and issuance of American Express Cards. As at 31 December 2016 the carrying value of the license was MDL'000 10,163 (2015: MDL'000 12,652).

## 15. OTHER ASSETS

|   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
|   | <b>MDL'000</b>    | <b>MDL'000</b>    |
| <i>Other non-financial assets</i>                         |                   |                   |
| Prepayments   | 39,606            | 40,561            |
| Low-value items and materials in stock                    | 8,143             | 7,650             |
| Receivables due from budget                               | 857               | 55                |
| Other cancelled fees                                      | <b>475</b>        | <b>439</b>        |
|   | 49,081            | 48,705            |
| <i>Other financial assets</i>                             |                   |                   |
| Receivables related to cancelled finance lease agreements | 99,211            | 80,577            |
| Receivables from other financial institutions             | 94,736            | 37,999            |
| Financing contracts                                       | 7,790             | 9,004             |
| Receivables from insurance companies                      | 1,213             | 1,247             |
| Other assets  | <b>44,551</b>     | <b>23,540</b>     |
|   | 247,501           | 152,367           |
|   |                   |                   |
| Less impairment losses for non-financial assets           | (23,185)          | (22,389)          |
| Less impairment losses for financial assets               | <b>(109,939)</b>  | <b>(76,974)</b>   |
|   |                   |                   |
|   | <b>163,458</b>    | <b>101,709</b>    |

Receivables from other financial institutions represent receivables arising from clearing operations related to Visa , Mastercard and American Express systems in amount of MDL'000 82,900 (2015: MDL'000 30,716), receivables due to international money transfer systems in amount of MDL'000 9,890 (2015: MDL'000 6,501) and receivables due to documentation settlements in amount of MDL'000 1,946 (2015: MDL'000 781). According to Moody's rating agency Visa International system has the "A 1" and "P-1" ratings, while MasterCard Incorporated: "A-3" and "P-2" ratings.

Receivables related to cancelled finance lease agreements represent early terminated finance lease contracts due to the lessees' breaches of the contractual clauses. The Group has recognized the difference between the fair value of the repossessed lease objects and the carrying amount of the finance lease receivables as assets, as the Group can claim these amounts from lessees in accordance with the provisions of the finance lease contracts. For certain agreements in 2015 the Group is in process of taking into possession the lease objects or the available collateral, while for others it had already foreclosed all lease objects, but it sues for the recovery of those amounts which were not covered by the value of the repossessed lease objects.

Financing contracts represent loans granted to car dealers, legal entities for investment and real estate projects, working capital needs and other purposes, and also to individuals - mortgages and consumer. The financing contracts are secured by movable items (as vehicles for car dealers) and mortgage (for other debtors).

### *Receivables related to cancelled leasing agreements, financing, credit sales*

The Group uses the following credit quality categories to manage the credit risk of financing, cancelled lease agreements, credit sale and other receivables:

- ▶ Neither past due nor impaired - if payments are made regularly and in accordance with contract terms;
- ▶ Past due, but not impaired
  - Past due 30 days - if payments are overdue up to 30 days;
  - Past due 31-90 days - if payments are overdue from 31 to 90 days;
- ▶ Impaired- if payments are overdue more than 90 days.

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Movement in impairment allowance for receivables from sales on credit during 2016 and 2015 was as follows:

|                                       | 2016          | 2015          |
|---------------------------------------|---------------|---------------|
|                                       | MDL'000       | MDL'000       |
| <b>Balance as at 1 January</b>        | 22,389        | 6,174         |
| Impairment charge                     | 2,110         | 15,810        |
| Write-off and other reclassifications | (1,314)       | 405           |
| <b>Balance as at 31 December</b>      | <b>23,185</b> | <b>22,389</b> |

Movement in impairment allowance for receivables related to cancelled finance lease agreements during 2016 and 2015 was as follows:

|                                       | Note | 2016           | 2015          |
|---------------------------------------|------|----------------|---------------|
|                                       |      | MDL'000        | MDL'000       |
| <b>Balance as at 1 January</b>        |      | 76,974         | 34,244        |
| Impairment charge                     | 30   | 34,376         | 44,495        |
| Write-off and other reclassifications |      | (1,411)        | (1,765)       |
| <b>Balance as at 31 December</b>      |      | <b>109,939</b> | <b>76,974</b> |

The value of net impairment losses in 2016 differs from the value presented in the consolidated statement of profit and loss and other comprehensive income in 2016 and 2015, the result of the recovery of amounts written-off previously as non-recoverable in amount of MDL'000 476 (2015: MDL'000 762). The amount of the recovery has been credited directly to the "Net impairment loss on loans, lease receivables and other receivables" line in the statement of profit or loss and other comprehensive income for the year.

## 16. DUE TO BANKS

|  | Currency | Maturity        | 31.12.2016    | 31.12.2015     |
|--|----------|-----------------|---------------|----------------|
|  |          |                 | MDL'000       | MDL'000        |
| <b>Borrowings from and current accounts of other banks</b>   |          |                 |               |                |
| Borrowings from EBRD   | EURO     | 12 august 2015  | -             | -              |
| Current accounts of other banks                              | USD      | Neaplicabil     | 4,598         | 8,803          |
|  |          |                 | 4,598         | 8,803          |
| <b>Loans and borrowings for financing the lease activity</b> |          |                 |               |                |
| Energbank  | EUR      | Noiembrie 2016  | -             | 7,683          |
| Victoriabank   | EUR      | Noiembrie 2017  | 8,931         | 30,937         |
| FinComBank SA  | MDL/EUR  | Septembrie 2019 | 6,416         | 14,107         |
| Comerțbank   | EUR      | Iulie 2017      | 683           | 1,913          |
| Moldindconbank   | EUR/MDL  | Octombrie 2019  | 52,840        | 80,807         |
| Banca Comerciala Română                                      | EUR      | Martie 2021     | 14,395        | 17,326         |
| Black Sea Trade and Development Bank (BSTDB)                 | EUR      | Mai 2017        | 4,661         | 19,148         |
| EuroCreditBank   | EUR      | Aprilie 2018    | 3,134         | 3,207          |
|  |          |                 | <b>91,060</b> | <b>175,128</b> |
|  |          |                 | <b>95,658</b> | <b>183,931</b> |

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*Loans and borrowings to finance the lease activity*

As at 31 December 2016 and 31 December 2015 the Group pledged the right to collect receivables under finance lease agreements and financing contracts and repossessed assets to secure the contracted loans and borrowings as follows:

|                         | 31.12.2016     | 31.12.2015     |
|-------------------------|----------------|----------------|
|                         | MDL'000        | MDL'000        |
| Victoriabank            | 24,545         | 49,903         |
| BSTDB                   | 27,476         | 31,438         |
| FinComBank              | 14,320         | 32,204         |
| Banca Comercială Română | 39,080         | 40,181         |
| Comertbank              | 2,625          | 2,625          |
| Energbank               | 10,299         | 13,943         |
| Moldindconbank          | 60,355         | 76,721         |
| EuroCreditBank          | 5,212          | 5,401          |
|                         |                |                |
|                         | <b>183,912</b> | <b>252,416</b> |

## 17. BORROWINGS

|  | Currency    | Maturity   | 31.12.2016     | 31.12.2015       |
|--|-------------|------------|----------------|------------------|
|  |             |            | MDL'000        | MDL'000          |
| <b>Borrowings from International Financial Institutions:</b>               |             |            |                |                  |
| Rural Investment and Services Project (RISP)                               | MDL/USD/EUR | 01.04.2027 | 143,670        | 192,795          |
| International Fund for Agricultural Development (IFAD)                     | MDL/USD/EUR | 18.07.2022 | 325,676        | 450,589          |
| Project for Competitiveness Improvement (PCI)                              | MDL/USD/EUR | 01.10.2019 | 119,296        | 152,318          |
| Kreditanstalt fur Wiederaufbau   | MDL/USD/EUR | 15.07.2022 | 42,519         | 57,930           |
| Millennium Challenge   | MDL/USD/EUR | 25.03.2022 | 28,767         | 44,481           |
| Filiere du Vin   | EUR         | 18.12.2023 | <b>186,626</b> | <b>210,944</b>   |
|  |             |            | 846,554        | 1,109,057        |
| <b>Borrowings from other organizations to finance the leasing activity</b> |             |            |                |                  |
| Autospace SRL  |             |            | <b>1,534</b>   | <b>5,549</b>     |
|  |             |            | <b>1,534</b>   | <b>5,549</b>     |
|  |             |            |                |                  |
|  |             |            | <b>848,088</b> | <b>1,114,606</b> |

For loans contracted under agreements between the Government of the Republic of Moldova and International Financial Institutions, repayment schedules are set for each individual project. The agreements have no financial covenants which require regular calculation and reporting.

## 18. DUE TO CUSTOMERS

|                                  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|----------------------------------|-------------------|-------------------|
|                                  | <b>MDL'000</b>    | <b>MDL'000</b>    |
| <b>Legal entities</b>            |                   |                   |
| Current accounts, including:     |                   |                   |
| Corporate customers              | 1,072,505         | 863,794           |
| Retail customers                 | 1,734,835         | 1,576,326         |
|                                  | 2,807,340         | 2,440,120         |
| <b>Term deposits, including:</b> |                   |                   |
| Corporate customers              | 553,619           | 377,307           |
| Retail customers                 | 637,774           | 624,224           |
|                                  | 1,191,393         | 1,001,531         |
|                                  | 3,998,733         | 3,441,651         |
| <b>Individuals</b>               |                   |                   |
| Current accounts                 | 1,728,825         | 1,358,371         |
| Term deposits                    | 9,684,817         | 9,244,519         |
|                                  | 11,413,642        | 10,602,890        |
|                                  | <b>15,412,375</b> | <b>14,044,541</b> |

As at 31 December 2016 current accounts of legal entities and individuals include restricted deposits under guarantee agreements in the amount of MDL'000 143,787 (31 December 2015: MDL'000 94,266).

The Group's term deposit portfolio includes certain deposits with no rights to withdraw deposits prior to maturity. Should such deposits be withdrawn prior to maturity, the interest rate is decreased to the rate applied for demand deposits and is recalculated for the whole term of the deposit.

## 19. TAXATION

|                             | <b>31.12.2016</b> | <b>31.12.2015</b> |
|-----------------------------|-------------------|-------------------|
|                             | <b>MDL'000</b>    | <b>MDL'000</b>    |
| Current income tax expenses | 30,098            | 48,181            |
| Deferred income tax expense | 2,300             | (51,498)          |
|                             | <b>32,398</b>     | <b>(3,317)</b>    |

Current income tax is calculated on the taxable income for the statutory financial statements. For tax purposes, the deductibility of certain expenses, for example entertainment costs, philanthropic, sponsorship and other expenses, expenses unconfirmed documentary are limited to a percentage of profit specified in the tax law.

The standard income tax rate in 2016 is 12% (2015: 12%).

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The reconciliation of the income tax expense is presented in the table below:

|   | 31.12.2016    | 31.12.2015     |
|---|---------------|----------------|
|   | MDL'000       | MDL'000        |
| Profit before tax                                   | 439,636       | 381,443        |
| Tax calculated at applicable rate of 12% (2015:12%) | 52,755        | 45,773         |
| Adjustment of income tax expenses*                  | -             | (55,008)       |
| Tax effect of:                                      |               |                |
| Non-taxable income                                  | (20,133)      | (13,454)       |
| Non-deductible expenses                             | (372)         | 26,838         |
| Philanthropic, sponsorship and other expenses       | 148           | (832)          |
| <b>Income tax expense for the year</b>              | <b>32,398</b> | <b>(3,317)</b> |

\*In accordance with amendments made for 2015 in Article 31 paragraph (3) of the Tax Code, stipulating that financial institutions are allowed to deduct the allowance for impairment of assets and conditional liabilities measured under IFRS, deferred income tax liability calculated in prior periods in accordance with the previous version of the Tax Code, was recognized in statement of profit or loss and other comprehensive income as "Income tax expenses", in accordance with the recommendations of the Ministry of Finance of the Republic of Moldova.

|  | Balance at 1 January | Recognized in profit or loss | Recognized in other comprehensive income | Deferred tax assets | Deferred tax liabilities | Net balance at 31 December |
|--|----------------------|------------------------------|--|---------------------|--------------------------|----------------------------|
| 2016   | MDL'000              | MDL'000                      | MDL'000                                  | MDL'000             | MDL'000                  | MDL'000                    |
| Current accounts and deposits with banks       | 123                  | (1)                          | -  | 122                 | -                        | 122                        |
| Loans to customers                             | 719                  | (343)                        | -  | 376                 | -                        | 376                        |
| Lease receivables                              | 493                  | (224)                        | -  | 269                 | -                        | 269                        |
| Available for sale financial assets            | (5,597)              | 27                           | (152)                                    | -                   | (5,722)                  | (5,722)                    |
| Non-current assets held for sale               | (25)                 | (34)                         | -  | -                   | (59)                     | (59)                       |
| Property and equipment                         | (19,233)             | (955)                        | (7,689)                                  | -                   | (27,877)                 | (27,877)                   |
| Investment property                            | (2,472)              | (146)                        | -  | 0                   | (2,618)                  | (2,618)                    |
| Intangible assets                              | 32                   | (6)                          | -  | 26                  | -                        | 26                         |
| Other assets                                   | 31                   | 1                            | -  | 32                  | -                        | 32                         |
| Borrowings                                     | 91                   | (9)                          | -  | 82                  | -                        | 82                         |
| Tax losses                                     | 646                  | (645)                        | -  | 1                   | -                        | 1                          |
| Other liabilities                              | 266                  | 35                           | -  | 301                 | -                        | 301                        |
| <b>Total deferred tax assets (liabilities)</b> | <b>(24,926)</b>      | <b>(2,300)</b>               | <b>(7,841)</b>                           | <b>1,209</b>        | <b>(36,276)</b>          | <b>(35,067)</b>            |

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|  | Balance at<br>1 January | Recognized<br>in profit or loss | Recognized<br>in other<br>comprehensive<br>income | Deferred tax<br>assets | Deferred tax<br>liabilities | Net balance at 31<br>December |
|--|-------------------------|---------------------------------|---|------------------------|-----------------------------|-------------------------------|
|  | MDL'000                 | MDL'000                         | MDL'000   | MDL'000                | MDL'000                     | MDL'000                       |
| <b>2015</b>                                    |                         |                                 |   |                        |                             |                               |
| Current accounts and deposits with banks       | (2,718)                 | 2,841                           | -   | -                      | 123                         | 123                           |
| Loans to customers                             | (48,487)                | 49,206                          | -   | 719                    | -                           | 719                           |
| Lease receivables                              | 460                     | 33                              | -   | 493                    | -                           | 493                           |
| Available for sale financial assets            | (6,028)                 | 1,025                           | (594)   | -                      | (5,597)                     | (5,597)                       |
| Non-current assets held for sale               | (60)                    | 35                              | -   | -                      | (25)                        | (25)                          |
| Property and equipment                         | (19,795)                | (133)                           | 695   | -                      | (19,233)                    | (19,233)                      |
| Investment property                            | 153                     | (2,625)                         | -   | -                      | (2,472)                     | (2,472)                       |
| Intangible assets                              | -                       | 32                              | -   | -                      | 32                          | 32                            |
| Other assets                                   | (178)                   | 209                             | -   | 31                     | -                           | 31                            |
| Borrowings                                     | 77                      | 14                              | -   | 91                     | -                           | 91                            |
| Tax losses                                     | -                       | 646                             | -   | 646                    | -                           | 646                           |
| Other liabilities                              | 51                      | 215                             | -   | 266                    | -                           | 266                           |
| <b>Total deferred tax assets (liabilities)</b> | <b>(76,525)</b>         | <b>51,498</b>                   | <b>101</b>  | <b>2,246</b>           | <b>(27,172)</b>             | <b>(24,926)</b>               |

## 20. OTHER LIABILITIES

|  | 31.12.2016     | 31.12.2015     |
|--|----------------|----------------|
|  | MDL'000        | MDL'000        |
| <i>Other non-financial liabilities</i>             |                |                |
| Other taxes payable                                | 20,156         | 17,227         |
| <i>Other financial liabilities</i>                 |                |                |
| Dividends payable                                  | 81,203         | 16,146         |
| Trade payables                                     | 3,067          | 2,216          |
| Due to insurance companies (subsidiary)            | 544            | 752            |
| Settlements with other financial institutions      | 42,349         | 35,303         |
| Advances from customers on future lease agreements | 2,331          | 2,015          |
| Payables to employees                              | 2,414          | 1,219          |
| *Other liabilities                                 | 53,252         | 38,676         |
|  | <b>205,316</b> | <b>113,554</b> |

\*Other liabilities include creditors on documentary settlements of MDL'000 5,664 (31 December 2015: 0), unidentified amounts of MDL'000 9,855 (31 December 2015: MDL'000 1,399), payments received for transfers of MDL'000 5,466 (31 December 2015: MDL'000 2,663), settlements related to E-Commerce of MDL'000 15,315 (31 December 2015: MDL'000 13,877), settlements related to Payments Agent service of MDL'000 7,136 (31 December 2015: MDL'000 9,889), and other liabilities of MDL'000 9,816 (31 December 2015: MDL'000 10,848).

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## 21. SHARE CAPITAL

As at 31 December 2016 the share capital comprises 1,037,634 authorized ordinary shares, with a nominal value of MDL 200 per share (31 December 2015: 1,037,634).

During 2015 the Group disposed of 64,267 treasury shares, purchased at a tender in 2007 (at a price of MDL 1,340 per share in the total value of MDL'000 86,118). The sale price ranged between MDL 1,341 and 1,350, the total value being MDL'000 86,352. The difference between the sale price and the nominal value was included in additional capital.

During 2016 the Group declared and distributed dividends from the net profit of the year ended 31 December 2015, in the amount of MDL'000 166,021 or MDL 160 per share (2015: MDL'000 103,763 or MDL 100 per share)

## 22. CAPITAL ADEQUACY

|  | Carrying value    |                   | Risk-weighted value |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | 31.12.2016        | 31.12.2015        | 31.12.2016          | 31.12.2015        |
|  | MDL'000           | MDL'000           | MDL'000             | MDL'000           |
| <b>Balance sheet items (net of reserves)</b>             |                   |                   |                     |                   |
| Cash on hand   | 465,420           | 515,578           | -                   | -                 |
| Balances with NBM denominated in MDL                     | 3,069,657         | 2,516,802         | -                   | -                 |
| Balances with NBM denominated in foreign currency        | 941,109           | 1,008,324         | 188,222             | 201,665           |
| Due from banks   | 2,125,086         | 2,261,334         | 425,017             | 452,267           |
| Financial assets held for trading                        | -                 | 36,576            | -                   | -                 |
| Loans to customers (excluding mortgage)                  | 8,697,632         | 9,157,908         | 8,697,632           | 9,157,908         |
| Loans to customers (mortgage)                            | 954,784           | 1,171,151         | 477,392             | 585,576           |
| Lease receivables  | 172,518           | 263,934           | 172,518             | 263,934           |
| Financial assets available for sale (equity investments) | 161,925           | 153,769           | 161,925             | 153,769           |
| Financial assets available for sale (State securities)   | 12,170            | -                 | -                   | -                 |
| Financial assets held to maturity                        | 2,104,017         | 688,879           | -                   | -                 |
| Non-current assets held for sale                         | 24,005            | 24,093            | 24,005              | 24,093            |
| Property and equipment                                   | 825,794           | 411,458           | 825,794             | 411,458           |
| Investment property                                      | 78,991            | 75,149            | 78,991              | 75,149            |
| Intangible assets  | 68,510            | 62,708            | 68,510              | 62,708            |
| Other assets   | <b>163,458</b>    | <b>101,709</b>    | <b>163,458</b>      | <b>101,709</b>    |
| <b>Total statement of financial position</b>             | <b>19,865,076</b> | <b>18,449,372</b> | <b>11,283,464</b>   | <b>11,490,236</b> |
| <b>Off-balance sheet items</b>                           |                   |                   |                     |                   |
| Guarantees issued  | 245,587           | 234,064           | 245,587             | 234,064           |
| Letters of credit  | 6,288             | 9,719             | 6,288               | 9,719             |
| Commitments to extend loans                              | 884,930           | 848,271           | 442,465             | 424,136           |
| <b>Total off-balance sheet items</b>                     | <b>1,136,805</b>  | <b>1,092,054</b>  | <b>694,340</b>      | <b>667,919</b>    |
| <b>Total</b>   | <b>21,001,881</b> | <b>19,541,426</b> | <b>11,977,804</b>   | <b>12,158,155</b> |

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|   | 31.12.2016       | 31.12.2015       |
|---|------------------|------------------|
|   | MDL'000          | MDL'000          |
| <b>Tier 1 capital</b>                       |                  |                  |
| Share capital, nominal                      | 207,527          | 207,527          |
| Share premium                               | 104,537          | 104,537          |
| Retained earnings                           | 2,656,859        | 2,418,489        |
| <b>Total tier 1 capital</b>                 | <b>2,968,923</b> | <b>2,730,553</b> |
| <b>Tier 2 capital</b>                       |                  |                  |
| Property and equipment revaluation reserve  | 208,511          | 149,548          |
| Available for sale financial assets reserve | 74,510           | 72,203           |
| <b>Total tier 2 capital</b>                 | <b>283,021</b>   | <b>221,751</b>   |
| <b>Total capital</b>                        | <b>3,251,944</b> | <b>2,952,304</b> |
| Capital adequacy ratio                      | 27.15%           | 24.28%           |

The Group conducts its activity in accordance with Capital Management Policy of BC "Moldova Agroindbank" S.A. and applies the following tools for the management of Bank's capital: (i) capital planning and (ii) monitoring, compliance and maintenance of capital requirements.

The Group maintains a system of monitoring and reporting related to the Group's capital in order to ensure the compliance with capital requirements stipulated in the legislation.

## 23. CASH AND CASH EQUIVALENTS

For the consolidated cash flow statement, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

|   | 31.12.2016       | 31.12.2015       |
|---|------------------|------------------|
|   | MDL'000          | MDL'000          |
| Cash on hand  | 465,420          | 515,578          |
| Balances with National Bank of Moldova              | 3,069,657        | 2,516,802        |
| Current accounts and overnight deposits with banks  | 2,034,305        | 2,168,587        |
| Certificates issued by the National Bank of Moldova | 1,437,197        | -                |
|   | <b>7,006,579</b> | <b>5,200,967</b> |

## 24. NET INTEREST INCOME

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | MDL'000        | MDL'000        |
| <i>Interest income</i>                 |                |                |
| Loans and advances to banks            | 228,942        | 169,339        |
| Loans and advances to customers        | 1,116,604      | 1,177,637      |
| Finance lease and financing agreements | 23,062         | 37,375         |
| Financial assets held to maturity      | 243,469        | 105,944        |
|  | 1,612,077      | 1,490,295      |
| <i>Interest expense</i>                |                |                |
| Due to customers (individuals)         | 656,916        | 542,583        |
| Due to customers (companies)           | 67,075         | 66,402         |
| Due to banks and other organizations   | 51,307         | 71,661         |
|  | 775,298        | 680,646        |
| <b>Net interest income</b>             | <b>836,779</b> | <b>809,649</b> |

## 25. NET FEE AND COMMISSION INCOME

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | MDL'000        | MDL'000        |
| <i>Fee and commission income</i>                 |                |                |
| Cash transactions                                | 78,912         | 70,926         |
| Processing of clients' payments                  | 53,054         | 48,618         |
| Transactions with debit cards                    | 78,005         | 55,007         |
| Commissions on salary transferred to debit cards | 9,450          | 8,658          |
| Money transfer services                          | 16,946         | 14,490         |
| Cash delivery service                            | 5,567          | 5,177          |
| Commission from direct debit transactions        | 6,495          | 3,775          |
| Commissions on guarantees and letters of credit  | 7,814          | 9,945          |
| Service fees on client accounts                  | 30,605         | 28,304         |
| Commissions from other services to clients       | 77,660         | 55,454         |
|  | 364,508        | 300,354        |
| <i>Fee and commission expense</i>                |                |                |
| Transactions with debit cards                    | 24,118         | 21,296         |
| Processing centres services                      | 53,764         | 35,027         |
| Commissions charged by correspondent banks       | 1,536          | 1,985          |
| Commissions for cash transactions                | 14,453         | 6,336          |
| Cash withdrawal related to debit cards           | 2,584          | 2,528          |
| Contributions to the Deposit Guarantee Fund      | 8,147          | 6,892          |
| Others   | 4,974          | 2,674          |
|  | 109,576        | 76,738         |
| <b>Net fee and commission income</b>             | <b>254,932</b> | <b>223,616</b> |

## 26. NET FOREIGN EXCHANGE GAINS

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | MDL'000        | MDL'000        |
| Gains from trading in foreign currencies | 231,263        | 294,323        |
| Foreign exchange translation losses      | (15,201)       | (39,163)       |
| <b>Net result</b>                        | <b>216,062</b> | <b>255,160</b> |

## 27. OTHER OPERATING INCOME

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | MDL'000       | MDL'000       |
| Penalties received                                  | 12,556        | 18,165        |
| Income from unpaid and expired dividend liabilities | 8,443         | 2,584         |
| Gains from disposal of other assets                 | 1,278         | 1,100         |
| Income from rent                                    | 3,900         | 1,588         |
| Gain on disposal of property and equipment          | 252           | -             |
| Gains from disposal of investments                  | -             | 335           |
| Other income  | 3,692         | 4,070         |
|   | <b>30,121</b> | <b>27,842</b> |

## 28. PERSONNEL EXPENSES

|                                    | 2016           | 2015           |
|------------------------------------|----------------|----------------|
|                                    | MDL'000        | MDL'000        |
| Salaries and bonuses               | 228,376        | 165,325        |
| Social insurance and contributions | 53,071         | 38,319         |
| Medical insurance contributions    | 10,298         | 7,201          |
| Other personnel expenses           | 3,735          | 3,106          |
|                                    | <b>295,480</b> | <b>213,951</b> |

The Group makes contributions to the State social insurance fund of the Republic of Moldova, calculated as a percentage of the gross salary and other compensations. These contributions are charged to the consolidated statement of profit or loss in the period in which the related salary is earned by the employee.

## 29. OTHER OPERATIONAL AND ADMINISTRATIVE EXPENSES

|                                       | <b>2016</b>    | <b>2015</b>    |
|---------------------------------------|----------------|----------------|
|                                       | <b>MDL'000</b> | <b>MDL'000</b> |
| Rent                                  | 39,885         | 33,121         |
| Advertising and charity               | 39,790         | 47,070         |
| Repairs and maintenance               | 31,558         | 25,528         |
| Maintenance of intangible assets      | 13,870         | 13,202         |
| Utilities                             | 13,136         | 10,468         |
| Safeguarding of assets and security   | 9,107          | 7,226          |
| Postage and telecommunication         | 8,485          | 7,371          |
| Transportation                        | 7,093          | 5,920          |
| Stationery and supplies               | 11,008         | 9,071          |
| Business promotion                    | 7,329          | 3,318          |
| Professional services                 | 7,906          | 6,889          |
| Remuneration of Group Council         | 11,563         | 9,898          |
| Dealing and informational services    | 5,441          | 5,081          |
| Inventory                             | 5,960          | 4,369          |
| Travel                                | 2,504          | 2,354          |
| Insurance                             | 2,930          | 2,641          |
| Training                              | 2,151          | 1,477          |
| Other fees and commissions            | 308            | 2,167          |
| Expenses for debt collection services | 1,053          | 1,215          |
| Write down of assets                  | 1,158          | 990            |
| Other expenses                        | <b>13,236</b>  | <b>15,188</b>  |
|                                       | <b>235,471</b> | <b>214,564</b> |

Other expenses include property tax, penalties paid, amounts relating to cash transactions and certain marketing expenses.

## 30. IMPAIRMENT OF LOANS, LEASE RECEIVABLES AND OTHER RECEIVABLES

Impairment of interest bearing assets includes impairment of:

|                           | <b>Note</b> | <b>2016</b>    | <b>2015</b>    |
|---------------------------|-------------|----------------|----------------|
|                           |             | <b>MDL'000</b> | <b>MDL'000</b> |
| Loans and advances        | 8           | 286,932        | 415,579        |
| Finance lease receivables | 9           | (10,740)       | 11,980         |
| Other assets              | 15          | <b>33,900</b>  | <b>43,733</b>  |
|                           |             | <b>310,092</b> | <b>471,292</b> |

### 31. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The aggregate amount of guarantees, commitments and other off-balance sheet items existing as at 31 December 2016 and 31 December 2015 is:

|                                 | 2016             | 2015             |
|---------------------------------|------------------|------------------|
|                                 | MDL'000          | MDL'000          |
| Letters of credit               | 6,288            | 9,719            |
| Guarantees                      | 245,587          | 234,064          |
| Financing commitments and other | 884,930          | 848,271          |
|                                 | <b>1,136,805</b> | <b>1,092,054</b> |

In the normal course of business, the Group issues guarantees and letters of credit on behalf of its customers. The credit risk on guarantees is similar to that arising from granting of loans. In the event of a claim on the Group as a result of a customer's default on a guarantee, these instruments also present a degree of credit risk to the Group. No provision was required as at 31 December 2016 and 31 December 2015.

Financing commitments do not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being disbursed.

The table below shows the expected maturity of the Group's guarantees and other financial commitments as at 31 December 2016 and 31 December 2015:

| 2016                  | Less than 1 month | From 1 to 3 months | From 3 months to 1 year | From 1 to 5 years | More than 5 years | Total            |
|-----------------------|-------------------|--------------------|-------------------------|-------------------|-------------------|------------------|
|                       | MDL'000           | MDL'000            | MDL'000                 | MDL'000           | MDL'000           | MDL'000          |
| Letters of credit     | 624               | 5,664              | -                       | -                 | -                 | 6,288            |
| Guarantees            | 171,486           | 8,787              | 33,477                  | 31,837            | -                 | 245,587          |
| Financing commitments | 15,348            | 156,692            | 296,092                 | 416,784           | 14                | 884,930          |
| <b>Total</b>          | <b>187,458</b>    | <b>171,143</b>     | <b>329,569</b>          | <b>448,621</b>    | <b>14</b>         | <b>1,136,805</b> |

| 2015                  | Less than 1 month | From 1 to 3 months | From 3 months to 1 year | From 1 to 5 years | More than 5 years | Total            |
|-----------------------|-------------------|--------------------|-------------------------|-------------------|-------------------|------------------|
|                       | MDL'000           | MDL'000            | MDL'000                 | MDL'000           | MDL'000           | MDL'000          |
| Letters of credit     | 4,585             | 5,134              | -                       | -                 | -                 | 9,719            |
| Guarantees            | 234,064           | -                  | -                       | -                 | -                 | 234,064          |
| Financing commitments | 266,309           | 69,319             | 268,947                 | 243,696           | -                 | 848,271          |
| <b>Total</b>          | <b>504,958</b>    | <b>74,453</b>      | <b>268,947</b>          | <b>243,696</b>    | <b>-</b>          | <b>1,092,054</b> |

## 32. CAPITAL COMMITMENTS

As at 31 December 2016, the Group had no capital commitments.

## 33. EARNINGS PER SHARE

|                        | Ordinary shares<br>outstanding | Profit for the year | Basic earnings<br>per share |
|------------------------|--------------------------------|---------------------|-----------------------------|
|                        |                                | MDL'000             | MDL                         |
| As at 31 December 2015 | 1,019,515                      | 382,466             | 375.15                      |
| As at 31 December 2016 | 1,037,634*                     | 403,817             | 389.17                      |

(see Note 1)

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

Fair value measurements are analysed by the fair value level in the fair value hierarchy as described in Note 3. Management makes judgments in categorizing the financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against their impact on fair value of the valued instruments.

### Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorized as follows:

|   | 2016          |               |                |                | 2015          |                |                |                |
|---|---------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|
|   | Fair value    |               |                |                | Fair value    |                |                |                |
|   | MDL'000       |               |                |                | MDL'000       |                |                |                |
|   | Level 1       | Level 2       | Level 3        | Total          | Level 1       | Level 2        | Level 3        | Total          |
| <b>Financial assets</b>                               |               |               |                |                |               |                |                |                |
| Financial assets held for trading                     | -             | -             | -              | -              | -             | 36,576         | -              | 36,576         |
| Financial assets available for sale                   | 47,601        | 12,170        | 114,324        | 174,095        | 46,034        | -              | 107,735        | 153,769        |
| <b>Non-financial assets</b>                           |               |               |                |                |               |                |                |                |
| Land and buildings                                    | -             | -             | 468,570        | 468,570        | -             | -              | 253,883        | 253,883        |
| Investment property                                   | -             | 78,991        | -              | 78,991         | -             | 75,149         | -              | 75,149         |
| <b>Total assets recurring fair value measurements</b> | <b>47,601</b> | <b>91,161</b> | <b>582,894</b> | <b>721,656</b> | <b>46,034</b> | <b>111,725</b> | <b>361,618</b> | <b>519,377</b> |

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The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows as at 31 December 2016 and 31 December 2015:

|                                     | Fair value | Valuation technique   | Inputs used   | Range of inputs (weighted average)                         | Reasonable change | Sensitivity of fair value |
|-------------------------------------|------------|-----------------------|---|--|-------------------|---------------------------|
| <b>31 December 2016</b>             |            |                       |   |  |                   |                           |
| Financial assets available for sale | 114,324    | Discounted cash flows | Weighted average cost of capital                    | 8.15%-15.79% (11.95%)                                      | +10%              | (47,550)                  |
|                                     |            |                       |   |  | -10%              | 73,748                    |
|                                     | 47,601     | Market value          | Market price for the financial asset                |  | ±5%               | ±2,380                    |
| Land and buildings                  | 468,570    | Market value          | Market prices for comparable properties (MDL/sq.m.) | Lands – 29-4,137 (2,319)<br>Buildings – 98-36,935 (14,186) | ±10%              | ±46,857                   |
| <b>31 December 2015</b>             |            |                       |   |  |                   |                           |
| Financial assets available for sale | 107,735    | Discounted cash flows | Weighted average cost of capital                    | 13.29%-18.16% (16.11%)                                     | +10%              | (54,341)                  |
|                                     |            |                       |   |  | -10%              | 40,143                    |
|                                     | 46,034     | Market value          | Market price for the financial asset                |  | ±5%               | ±2,302                    |
| Land and buildings                  | 253,883    | Market value          | Market prices for comparable properties (MDL/sq.m.) | Lands – 29-4,137 (2,319)<br>Buildings – 98-36,935 (14,186) | ±10%              | ±25,388                   |

The above tables disclose sensitivity to valuation inputs for financial assets, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognized in other comprehensive income, total equity.

There were no changes in valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2016 (31 December 2015: none).

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result. For investments available for sale, increases in the WACC multiple would lead to a decrease in estimated value.

Level 3 valuations are reviewed on an annual basis by Corporate Investments Department which report to the Management Board. The Group involves an external valuer who hold a recognized and relevant professional qualification and who have recent experience in the valuation of assets in a similar category. The Corporate Investments Department considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the financial services industry.

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|                                    | 2016              |            |                  |                   |                   | 2015              |            |                  |                   |                   |
|------------------------------------|-------------------|------------|------------------|-------------------|-------------------|-------------------|------------|------------------|-------------------|-------------------|
|                                    | Carrying value    | Fair value |                  |                   |                   | Carrying value    | Fair value |                  |                   |                   |
|                                    |                   | MDL'000    | MDL'000          |                   |                   |                   | MDL'000    | MDL'000          |                   |                   |
|                                    | Nivelul 1         |            | Nivelul 2        | Nivelul 3         | Total             | Nivelul 1         |            | Nivelul 2        | Nivelul 3         | Total             |
| <b>Financial assets</b>            |                   |            |                  |                   |                   |                   |            |                  |                   |                   |
| Accounts with NBM                  | 4,010,766         | -          | 4,010,766        | -                 | 4,010,766         | 3,525,126         | -          | 3,525,126        | -                 | 3,525,126         |
| Due from banks                     | 2,125,086         | -          | 2,125,086        | -                 | 2,125,086         | 2,261,334         | -          | 2,261,334        | -                 | 2,261,334         |
| Loans to customers:                | 9,652,416         | -          | -                | 10,093,156        | 10,093,156        | 10,329,059        | -          | -                | 10,169,170        | 10,169,170        |
| <i>Corporate customers</i>         | 5,714,486         | -          | -                | 5,926,012         | 5,926,012         | 6,380,711         | -          | -                | 6,419,677         | 6,419,677         |
| <i>Retail entities</i>             | 1,786,815         | -          | -                | 1,874,123         | 1,874,123         | 1,832,190         | -          | -                | 1,871,875         | 1,871,875         |
| <i>Individuals</i>                 | 2,151,115         | -          | -                | 2,293,021         | 2,293,021         | 2,116,158         | -          | -                | 1,877,618         | 1,877,618         |
| Lease receivables                  | 172,518           | -          | -                | 185,737           | 185,737           | 263,934           | -          | -                | 270,110           | 270,110           |
| Financial assets held to maturity  | 2,104,017         | -          | 2,054,875        | -                 | 2,054,875         | 688,879           | -          | 669,336          | -                 | 669,336           |
| Other financial assets             | 137,562           | -          | -                | 137,562           | 137,562           | 75,393            | -          | -                | 75,393            | 75,393            |
| <b>Total</b>                       | <b>18,202,365</b> | <b>-</b>   | <b>8,190,727</b> | <b>10,416,455</b> | <b>18,607,182</b> | <b>17,143,725</b> | <b>-</b>   | <b>6,455,796</b> | <b>10,514,673</b> | <b>16,970,469</b> |
| <b>Financial liabilities</b>       |                   |            |                  |                   |                   |                   |            |                  |                   |                   |
| Due to banks                       | 95,658            | -          | -                | 95,658            | 95,658            | 183,931           | -          | -                | 183,931           | 183,931           |
| Borrowings                         | 848,088           | -          | -                | 855,908           | 855,908           | 1,114,606         | -          | -                | 1,114,606         | 1,114,606         |
| Due to customers                   | 15,412,375        | -          | -                | 15,166,276        | 15,166,276        | 14,044,541        | -          | -                | 14,044,541        | 14,044,541        |
| Legal entities, including:         | 3,998,732         | -          | -                | 3,984,056         | 3,984,056         | 3,441,651         | -          | -                | 3,441,651         | 3,441,651         |
| <i>Current accounts</i>            | 2,807,339         | -          | -                | 2,807,339         | 2,807,339         | 2,440,120         | -          | -                | 2,440,120         | 2,440,120         |
| <i>Term deposits</i>               | 1,191,393         | -          | -                | 1,176,717         | 1,176,717         | 1,001,531         | -          | -                | 1,001,531         | 1,001,531         |
| Individuals, including:            | 11,413,642        | -          | -                | 11,182,220        | 11,182,220        | 10,602,890        | -          | -                | 10,602,890        | 10,602,890        |
| <i>Current accounts</i>            | 1,728,825         | -          | -                | 1,728,825         | 1,728,825         | 1,358,371         | -          | -                | 1,358,371         | 1,358,371         |
| <i>Term deposits</i>               | 9,684,817         | -          | -                | 9,453,395         | 9,453,395         | 9,244,519         | -          | -                | 9,244,519         | 9,244,519         |
| Other financial liabilities        | 185,160           | -          | -                | 185,160           | 185,160           | 96,327            | -          | -                | 96,327            | 96,327            |
| <b>Other financial liabilities</b> | <b>16,541,281</b> | <b>-</b>   | <b>-</b>         | <b>16,303,002</b> | <b>16,303,002</b> | <b>15,439,405</b> | <b>-</b>   | <b>-</b>         | <b>15,439,405</b> | <b>15,439,405</b> |

*Cash and cash equivalents*

The fair value of cash and cash equivalents equals to their carrying amount.

*Net loans and lease receivables*

Loans and lease receivables are reduced by the impairment allowance on loans and lease receivables. The estimated fair value of loans and lease receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

*Financial investments held to maturity*

Financial assets held to maturity include only interest-bearing assets held to maturity. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations.

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*Borrowings, due to banks, due to customers*

The fair value of floating rate borrowings approximates their carrying amount. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

### 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

For the purposes of measurement, IAS 39, *Financial Instruments: Recognition and Measurement*, the Group classifies financial assets into the following categories: (a) loans and receivables; (b) available for sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL").

Financial assets at fair value through profit or loss have two subcategories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.

The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2016 and 31 December 2015:

The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2016:

|   | Loans and receivables, including leasing | Available for sale assets | Assets held for trading | Held to maturity assets | Total             |
|---|--|---------------------------|-------------------------|-------------------------|-------------------|
| 31 December 2016  | MDL'000                                  | MDL'000                   | MDL'000                 | MDL'000                 | MDL'000           |
| <b>Assets</b>   |  |                           |                         |                         |                   |
| Cash on hand and balances with National Bank                | 4,476,186                                | -                         | -                       | -                       | 4,476,186         |
| Due from banks  | 2,125,086                                | -                         | -                       | -                       | 2,125,086         |
| <b>Loans and advances to customers:</b>                     |  |                           |                         |                         |                   |
| <i>Corporate customers</i>                                  | 5,714,486                                | -                         | -                       | -                       | 5,714,486         |
| <i>Retail customers legal entities</i>                      | 1,786,815                                | -                         | -                       | -                       | 1,786,815         |
| <i>Individuals</i>  | 2,151,115                                | -                         | -                       | -                       | 2,151,115         |
| <b>Lease receivables:</b>                                   |  |                           |                         |                         |                   |
| <i>Corporate customers</i>                                  | 103,501                                  | -                         | -                       | -                       | 103,501           |
| <i>Individuals</i>  | 82,236                                   | -                         | -                       | -                       | 82,236            |
| Financial assets available for sale                         | -  | 174,095                   | -                       | -                       | 174,095           |
| Financial assets held to maturity                           | -  | -                         | -                       | 2,104,017               | 2,104,017         |
| <b>Other financial assets:</b>                              |  |                           |                         |                         |                   |
| Receivables related to cancelled lease agreements (leasing) | 14,447                                   | -                         | -                       | -                       | 14,447            |
| Receivables from other financial institutions               | 72,942                                   | -                         | -                       | -                       | 72,942            |
| Due from providers (leasing)                                | 4,348                                    | -                         | -                       | -                       | 4,348             |
| Due from insurance companies (leasing)                      | 1,213                                    | -                         | -                       | -                       | 1,213             |
| Other   | 44,612                                   | -                         | -                       | -                       | 44,612            |
| <b>Total financial assets</b>                               | <b>16,576,987</b>                        | <b>174,095</b>            | <b>-</b>                | <b>2,104,017</b>        | <b>18,855,099</b> |

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The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2015:

|   | <b>Loans and<br/>receivables,<br/>including<br/>leasing</b> | <b>Available<br/>for sale<br/>assets</b> | <b>Assets<br/>held for<br/>trading</b> | <b>Held to<br/>maturity<br/>assets</b> | <b>Total</b>      |
|---|---|--|--|--|-------------------|
| <b>31 December 2015</b>                                     | <b>MDL'000</b>  | <b>MDL'000</b>                           | <b>MDL'000</b>                         | <b>MDL'000</b>                         | <b>MDL'000</b>    |
| <b>Assets</b>   |   |  |  |  |                   |
| Cash on hand and balances with National Bank                | 4,040,704   | -  | -                                      | -                                      | 4,040,704         |
| Due from banks  | 2,261,334   | -  | -                                      | -                                      | 2,261,334         |
| Financial assets held for trading                           | -   | -  | 36,576                                 | -                                      | 36,576            |
| <b>Loans and advances to customers:</b>                     |   |  |  |  |                   |
| <i>Corporate customers</i>                                  | 6,380,711   | -  | -                                      | -                                      | 6,380,711         |
| <i>Retail customers legal entities</i>                      | 1,832,190   | -  | -                                      | -                                      | 1,832,190         |
| <i>Individuals</i>  | 2,116,158   | -  | -                                      | -                                      | 2,116,158         |
| <b>Lease receivables:</b>                                   |   |  |  |  |                   |
| <i>Corporate customers</i>                                  | 153,510   | -  | -                                      | -                                      | 153,510           |
| <i>Individuals</i>  | 116,600   | -  | -                                      | -                                      | 116,600           |
| Financial assets available for sale                         | -   | 153,769                                  | -                                      | -                                      | 153,769           |
| Financial assets held to maturity                           | -   | -  | -                                      | 688,879                                | 688,879           |
| <b>Other financial assets:</b>                              |   |  |  |  |                   |
| Receivables related to cancelled lease agreements (leasing) | 21,725  | -  | -                                      | -                                      | 21,725            |
| Receivables from other financial institutions               | 18,112  | -  | -                                      | -                                      | 18,112            |
| Due from providers (leasing)                                | 7,243   | -  | -                                      | -                                      | 7,243             |
| Due from insurance companies (leasing)                      | 1,247   | -  | -                                      | -                                      | 1,247             |
| Other   | <b>27,067</b>   | -  | -                                      | -                                      | <b>27,067</b>     |
| <b>Total financial assets</b>                               | <b>16,976,601</b>   | <b>153,769</b>                           | <b>36,576</b>                          | <b>688,879</b>                         | <b>17,855,825</b> |

As at 31 December 2016 and 31 December 2015 all financial liabilities of the Group were carried at amortized cost.

## 36. RELATED PARTIES

During the year a number of banking and non-banking transactions were entered into with related parties in the normal course of business.

These include extending of loans, accepting deposits, finance trade, payment settlement, foreign currency transactions and acquisition of services and goods from related parties.

The transactions and balances mentioned above arose in the ordinary course of the Group's business and are performed at market rates.

In the table below are disclosed the balances and the transactions with the related parties during the year.

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In the table below are disclosed the balances as at year ended 31 December:

| Related parties  |              |      | Loans (5,6-14,75%) | Impairment loss on loans | Lease receivables (9%-15%) | Loans received (5.6%-11.55%) | Deposits (0-11%) | Guarantees issued by the Group | Commitments to grant loans |               |
|--|--------------|------|--------------------|--------------------------|----------------------------|------------------------------|------------------|--------------------------------|----------------------------|---------------|
|  |              |      | MDL'000            | MDL'000                  | MDL'000                    | MDL'000                      | MDL'000          | MDL'000                        | MDL'000                    |               |
| Civil society of Group shareholders and their affiliates and persons holding or controlling 1% or more of the Bank's share capital | Shareholders | 2016 | 6,122              | 4                        | -                          | -                            | 91,647           | -                              | -                          |               |
|  |              | 2015 | 341                | -                        | -                          | -                            | 37,462           | -                              | -                          |               |
| Other directors (executive/ non- executive) and their affiliates   | Management   | 2016 | 1,087              | 2                        | 481                        | 1,534                        | 32,835           | 13,645                         | 1,862                      |               |
|  |              | 2015 | 107,859            | 71                       | 233                        | 5,549                        | 193,143          | 14,499                         | 21,718                     |               |
| <b>Total</b>   |              |      | <b>2016</b>        | <b>7,209</b>             | <b>6</b>                   | <b>481</b>                   | <b>1,534</b>     | <b>124,482</b>                 | <b>13,645</b>              | <b>1,862</b>  |
|  |              |      | <b>2015</b>        | <b>108,200</b>           | <b>71</b>                  | <b>233</b>                   | <b>5,549</b>     | <b>230,605</b>                 | <b>14,499</b>              | <b>21,718</b> |

In the table below are disclosed the transactions for the year ended 31 December:

| Related parties  |              |      | Interest and commission income | Interest and commission expenses | Non-interest income | Non-interest expenses | Procurement of vehicles | Dividends received |               |
|--|--------------|------|--------------------------------|----------------------------------|---------------------|-----------------------|-------------------------|--------------------|---------------|
|  |              |      | MDL'000                        | MDL'000                          | MDL'000             | MDL'000               | MDL'000                 | MDL'000            |               |
| Civil society of Group shareholders and their affiliates and persons holding or controlling 1% or more of the Bank's share capital | Shareholders | 2016 | 3,787                          | 5,119                            | 1,898               | 15,985                | -                       | 22,824             |               |
|  |              | 2015 | 65                             | 2,535                            | 1,127               | 13,491                | -                       | 14,180             |               |
| Other directors (executive/ non- executive) and their affiliates   | Management   | 2016 | 3,555                          | 1,335                            | 1,573               | 30,645                | 3,681                   | 6,883              |               |
|  |              | 2015 | 9,589                          | 3,927                            | 4,539               | 30,841                | 12,527                  | 10,594             |               |
| <b>Total</b>   |              |      | <b>2016</b>                    | <b>7,342</b>                     | <b>6,454</b>        | <b>3,471</b>          | <b>46,630</b>           | <b>3,681</b>       | <b>29,707</b> |
|  |              |      | <b>2015</b>                    | <b>9,654</b>                     | <b>6,462</b>        | <b>5,666</b>          | <b>44,332</b>           | <b>12,527</b>      | <b>24,774</b> |

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*Key management remuneration*

The executive management and non-executive members of Group Board of Directors received remuneration during the years 2016 and 2015, as follows:

|                                   | 2016          | 2015          |
|-----------------------------------|---------------|---------------|
|                                   | MDL'000       | MDL'000       |
| Executive management remuneration | 23,133        | 23,072        |
| Medical insurance contributions   | 990           | 940           |
| Social fund                       | 5,302         | 5,284         |
| <b>Total executive management</b> | <b>29,425</b> | <b>29,296</b> |
| Board remuneration                | 7,990         | 7,092         |
| Medical insurance contributions   | 350           | 286           |
| Social fund                       | 1,786         | 1,482         |
| <b>Total Board</b>                | <b>10,126</b> | <b>8,860</b>  |

## 36. SEGMENT REPORTING

Operating segments are structural units of the Group carrying out business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the members of the Management Board of the Group and by the heads of departments responsible for making operational decisions based on the reports prepared in the prescribed manner.

### (a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of the following main business segments:

- *Retail Banking* - representing banking services to entities of small and medium-sized businesses and to individuals for private customer current accounts; financing of consumer loans and mortgages, pawn services, deposits, investment savings products, custody, credit and debit cards, electronic products, other services.
- *Corporate Banking* - this segment includes various types of financing current and investment activities of companies (loans, credit lines, guarantees, letters of credit etc.), maintenance of current accounts of companies, deposits placements, payroll, foreign currency transactions and financial instruments, provision of investment services.
- *Treasury* - this segment includes interbank transactions (FOREX operations, attracting and placing deposits and interbank loans, transactions with treasury bills, transactions with certificates issued by the NBM) on internal and external financial markets within established limits, as well as attracting loans and credit lines from banks and other international financial organisation.
- *Other* - include the segments of Capital investment, Leasing and others.

### (b) Factors used by the Management to identify the reportable segments

The Group's segments are strategic business units, focused on different categories of clients. Taking into account the particularity of clients segmentation and the bank services provided, business units are managed separately.

**(c) Measurement of operating segment profit or loss**

The consolidated financial statements provided by the Group in accordance with International Financial Reporting Standards differ in certain aspects from the information prepared for the Management and namely:

- (i)** Allocation of resources among subunits – the purchase/sale of funds for each category of resources is based on transfer pricing, resulted from interest rate applied on resources attraction/placements for each category and the margin on purchase/sale of funds;
- (ii)** Transfer pricing for the purchase/sale of special-purpose resources in national currency and foreign currency attracted from the NBM, national and international financial institutions is equal to the cost of these resources formed under the conditions of respective loan agreements and contracts. Transfer prices are examined at ALCO and approved by the Management Board;
- (iii)** Income taxes are allocated to segments in accordance with approved Group keys;
- (iv)** Service centers expenses are reallocated to all units in accordance with approved keys.

**(d) Geographical information**

The Group has no significant income from foreign customers.

The Group has no long-term assets (more than one year) located in countries other than the Republic of Moldova.

**(e) Major customers**

The Group has no external customers with revenues exceeding 10 % of Group's total revenue.

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The segment information for the reportable segments for the year ended at 31 December 2016 and 31 December 2015 is set below:

| 31 December 2016   | Corporate banking | Retail banking   | Treasury       | Other          | Total            | Adjustments        | Total per profit or loss statement |
|--|-------------------|------------------|----------------|----------------|------------------|--------------------|------------------------------------|
|  | MDL'000           | MDL'000          | MDL'000        | MDL'000        | MDL'000          | MDL'000            | MDL'000                            |
| Interest income  | 606,832           | 522,108          | 472,377        | 10,760         | 1,612,077        | -                  | 1,612,077                          |
| Interest income from inter segment sales                     | 105,028           | 879,533          | 91,425         | -              | 1,075,986        | (1,075,986)        | -                                  |
| <b>Total interest income</b>                                 | <b>711,860</b>    | <b>1,401,641</b> | <b>563,802</b> | <b>10,760</b>  | <b>2,688,063</b> | <b>(1,075,986)</b> | <b>1,612,077</b>                   |
| Interest expense on customer deposits and other borrowings   | 39,826            | 723,139          | 927            | 11,406         | 775,298          | -                  | 775,298                            |
| Interest expenses for inter segment sales                    | 385,189           | 266,706          | 416,662        | 7,294          | 1,075,851        | (1,075,851)        | -                                  |
| <b>Total interest expenses</b>                               | <b>425,015</b>    | <b>989,845</b>   | <b>417,589</b> | <b>18,700</b>  | <b>1,851,149</b> | <b>(1,075,851)</b> | <b>775,298</b>                     |
| <b>Net interest income</b>                                   | <b>286,845</b>    | <b>411,796</b>   | <b>146,213</b> | <b>(7,940)</b> | <b>836,914</b>   | <b>(135)</b>       | <b>836,914</b>                     |
| Less impairment losses on interest bearing assets            | 257,718           | 40,737           | -              | 11,637         | 310,092          | -                  | 310,092                            |
| Net income after impairment losses                           | 29,127            | 371,059          | 146,213        | (19,577)       | 526,822          | (135)              | 526,687                            |
| Less the impairment on available for sale financial assets   | -                 | -                | -              | (5,778)        | (5,778)          | -                  | (5,778)                            |
| Total non-interest income                                    | 70,411            | 294,364          | 10,121         | 25,426         | 400,322          | -                  | 400,322                            |
| <b>Total income</b>  | <b>99,538</b>     | <b>665,423</b>   | <b>156,334</b> | <b>11,627</b>  | <b>932,922</b>   | <b>(135)</b>       | <b>932,787</b>                     |
| Net foreign exchange gains                                   | 63,911            | 167,352          | (14,561)       | 640            | 216,062          | -                  | 216,062                            |
| Direct expenses of the cost centre                           | 40,213            | 388,798          | 14,327         | 197,126        | 640,464          | -                  | 640,464                            |
| Depreciation and amortization                                | 2,515             | 29,968           | 1,006          | 35,260         | 68,749           | -                  | 68,749                             |
| Indirect income (redistributed between segments)             | (75,204)          | 61,420           | 13,784         | -              | -                | -                  | -                                  |
| Indirect expenses (of the administrative and support centre) | 21,650            | 204,584          | 1,735          | (227,969)      | -                | -                  | -                                  |
| <b>Profit before tax</b>                                     | <b>23,867</b>     | <b>270,845</b>   | <b>138,489</b> | <b>6,570</b>   | <b>439,771</b>   | <b>(135)</b>       | <b>439,636</b>                     |
| Income tax   | 5,542             | 19,005           | 5,804          | 2,047          | 32,398           | -                  | 32,398                             |
| <b>Net profit after tax</b>                                  | <b>18,325</b>     | <b>251,840</b>   | <b>132,685</b> | <b>4,523</b>   | <b>407,373</b>   | <b>(135)</b>       | <b>407,238</b>                     |

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|  | Corporate banking | Retail banking | Treasury       | Other           | Total          | Adjustments | Total per profit or loss statement |
|--|-------------------|----------------|----------------|-----------------|----------------|-------------|------------------------------------|
| 31 December 2015   | MDL'000           | MDL'000        | MDL'000        | MDL'000         | MDL'000        | MDL'000     | MDL'000                            |
| Interest income  | 668,892           | 519,747        | 275,260        | 26,396          | 1,490,295      | -           | 1,490,295                          |
| Interest income from inter segments sales                    | 47,433            | 744,369        | 11,579         | -               | 803,381        | (803,381)   | -                                  |
| <b>Total interest income</b>                                 | 716,325           | 1,264,116      | 286,839        | 26,396          | 2,293,676      | (803,381)   | 1,490,295                          |
| Interest expenses on customer deposits and other borrowingsi | 38,557            | 611,866        | 11,416         | 18,807          | 680,646        | -           | 680,646                            |
| Interest expenses for inter segment sales                    | 392,714           | 303,619        | 99,834         | 7,145           | 803,312        | (803,312)   | -                                  |
| <b>Total interest expenses</b>                               | 431,271           | 915,485        | 111,250        | 25,952          | 1,483,958      | (803,812)   | 680,646                            |
| <b>Net interest income</b>                                   | 285,054           | 348,631        | 175,589        | 444             | 809,718        | (69)        | 809,649                            |
| Less impairment losses on interest bearing assets            | 372,420           | 64,950         | -              | 33,922          | 471,292        | -           | 471,292                            |
| Net income after impairment losses                           | (87,366)          | 283,681        | 175,589        | (33,478)        | 338,426        | (69)        | 338,357                            |
| Less the impairment on available for sale financial assets   | -                 | -              | -              | 14,924          | 14,924         | -           | 14,924                             |
| Total non-interest income                                    | 57,121            | 240,272        | 16,410         | 52,381          | 366,184        | -           | 366,184                            |
| <b>Total income</b>  | <b>(30,245)</b>   | <b>523,953</b> | <b>191,999</b> | <b>3,979</b>    | <b>689,686</b> | <b>(69)</b> | <b>689,617</b>                     |
| Net foreign exchange gains                                   | 94,009            | 200,315        | (36,566)       | (2,598)         | 255,160        | -           | 255,160                            |
| Direct expenses of the cost centre                           | 35,148            | 302,948        | 13,881         | 153,276         | 505,253        | -           | 505,253                            |
| Depreciation and amortization                                | 2,127             | 22,736         | 864            | 32,355          | 58,082         | -           | 58,082                             |
| Indirect income (redistributed between segments)             | (72,822)          | 54,626         | 18,196         | -               | -              | -           | -                                  |
| Indirect expenses (of the administrative and support centre) | 16,058            | 157,448        | 1,367          | (174,873)       | -              | -           | -                                  |
| <b>Profit before tax</b>                                     | <b>(62,391)</b>   | <b>295,762</b> | <b>157,517</b> | <b>(9,377)</b>  | <b>381,511</b> | <b>(69)</b> | <b>381,442</b>                     |
| Income tax   | (255)             | (3,836)        | (1,354)        | 2,128           | (3,317)        | -           | (3,317)                            |
| <b>Profit after tax</b>                                      | <b>(62,136)</b>   | <b>299,598</b> | <b>158,871</b> | <b>(11,505)</b> | <b>384,828</b> | <b>(69)</b> | <b>384,759</b>                     |

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The total segments revenue and net profit differs from the profit and revenue, disclosed in the statement of comprehensive income due to intersegment revenue / expenses which are not significant enough to be disclosed.

| 31 December 2016                       | Corporate banking | Retail banking    | Treasury         | Alte             | Total per statement of financial position |
|--|-------------------|-------------------|------------------|------------------|---|
|  | MDL'000           | MDL'000           | MDL'000          | MDL'000          | MDL'000                                   |
| <b>ASSETS</b>                          |                   |                   |                  |                  |   |
| Cash on hand                           | -                 | -                 | -                | 465,420          | 465,420                                   |
| Balances with National Bank of Moldova | -                 | -                 | 4,010,766        | -                | 4,010,766                                 |
| Due from banks                         | -                 | -                 | 2,125,086        | -                | 2,125,086                                 |
| Loans and advances to customers        | 5,714,486         | 3,937,930         | -                | -                | 9,652,416                                 |
| Lease receivables                      | -                 | -                 | -                | 172,518          | 172,518                                   |
| Financial assets available for sale    | -                 | -                 | 12,170           | 161,925          | 174,095                                   |
| Financial assets held to maturity      | -                 | -                 | 2,104,017        | -                | 2,104,017                                 |
| Non-current assets held for sale       | -                 | -                 | -                | 24,005           | 24,005                                    |
| Property and equipment                 | -                 | -                 | -                | 825,794          | 825,794                                   |
| Investment property                    | -                 | -                 | -                | 78,991           | 78,991                                    |
| Intangible assets                      | -                 | -                 | -                | 68,510           | 68,510                                    |
| Other assets                           | -                 | 14,962            | -                | 148,496          | 163,458                                   |
| <b>Total assets</b>                    | <b>5,714,486</b>  | <b>3,952,892</b>  | <b>8,252,039</b> | <b>1,945,659</b> | <b>19,865,076</b>                         |
| <b>LIABILITIES</b>                     |                   |                   |                  |                  |   |
| Due to banks                           | -                 | -                 | 4,598            | 91,060           | 95,658                                    |
| Borrowings                             | -                 | -                 | 846,554          | 1,534            | 848,088                                   |
| Due to customers                       | 1,632,043         | 13,780,332        | -                | -                | 15,412,375                                |
| Deferred tax liability                 | 1,577             | 21,679            | 11,422           | 389              | 35,067                                    |
| Other liabilities                      | 5,677             | 67,405            | -                | 138,466          | 211,548                                   |
| <b>Total liabilities</b>               | <b>1,639,297</b>  | <b>13,869,416</b> | <b>862,574</b>   | <b>231,449</b>   | <b>16,602,736</b>                         |

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| 31 December 2015                       | Corporate banking | Retail banking    | Treasury         | Other            | Total per statement of financial position |
|--|-------------------|-------------------|------------------|------------------|---|
|  | MDL'000           | MDL'000           | MDL'000          | MDL'000          | MDL'000                                   |
| <b>ASSETS</b>                          |                   |                   |                  |                  |   |
| Cash on hand                           | -                 | -                 | -                | 515,578          | 515,578                                   |
| Balances with National Bank of Moldova | -                 | -                 | 3,525,126        | -                | 3,525,126                                 |
| Due from banks                         | -                 | -                 | 2,261,334        | -                | 2,261,334                                 |
| Financial assets held for trading      | -                 | -                 | 36,576           | -                | 36,576                                    |
| Loans and advances to customers        | 6,380,711         | 3,948,348         | -                | -                | 10,329,059                                |
| Lease receivables                      | -                 | -                 | -                | 263,934          | 263,934                                   |
| Financial assets available for sale    | -                 | -                 | -                | 153,769          | 153,769                                   |
| Financial assets held to maturity      | -                 | -                 | 688,879          | -                | 688,879                                   |
| Non-current assets held for sale       | -                 | -                 | -                | 24,093           | 24,093                                    |
| Property and equipment                 | -                 | -                 | -                | 411,458          | 411,458                                   |
| Investment property                    | -                 | -                 | -                | 75,149           | 75,149                                    |
| Intangible assets                      | -                 | -                 | -                | 62,708           | 62,708                                    |
| Other assets                           | -                 | 11,082            | 428              | 90,199           | 101,709                                   |
| <b>Total assets</b>                    | <b>6,380,711</b>  | <b>3,959,430</b>  | <b>6,512,343</b> | <b>1,596,888</b> | <b>18,449,372</b>                         |
| <b>LIABILITIES</b>                     |                   |                   |                  |                  |   |
| Due to banks                           | -                 | -                 | 8,803            | 175,128          | 183,931                                   |
| Borrowings                             | -                 | -                 | 1,109,057        | 5,549            | 1,114,606                                 |
| Due to customers                       | 1,241,101         | 12,803,440        | -                | -                | 14,044,541                                |
| Deferred tax liability                 | (4,030)           | 19,431            | 10,304           | (779)            | 24,926                                    |
| Other liabilities                      | 13                | 60,886            | -                | 61,190           | 122,089                                   |
| <b>Total liabilities</b>               | <b>1,237,084</b>  | <b>12,883,757</b> | <b>1,128,164</b> | <b>241,088</b>   | <b>15,490,093</b>                         |

## 38. RISK MANAGEMENT

The risks are part of the Group's activities. Effective risk management is a key condition for success, especially during current economic conditions. The key objectives such as the maximization of the profitability, reduction of the risk exposure, compliance with regulations determined that the risk management process becomes more complex and vital.

The Group is exposed to the credit risk, including the risk related to counterparties, liquidity risk, market risk that includes interest rate risk and currency risk, operational risk, country and transfer risk.

### 38.1 Risk management structure

Risk management structure is based on actual requirements regarding the internal control system, general accepted practice, including recommendations of the Basel Committee for Banking Supervision.

Risk management is performed by a structured applying of management culture, policies, procedures and practices to identify, assess, monitor and mitigate the risk.

### 38.2 Basic principles of risk management

Monitoring and controlling risks is conducted primarily by using the system of limits imposed by the Group for each significant risk. Limits are monitored daily, ensuring communication to members of the Management Board. Given the environmental change, market trends and/or increase of some risk indicators, the Group intervenes and imposes limits or other control measures. Risk limits reflect in the first place the tolerance and risk appetite of the Group.

In order to ensure effective risk management and obtain objective information on the condition and size of the risks, the Group's risk exposure is monitored continuously, information being presented and analyzed daily, so that the risks are identified and kept at the Group's acceptable and justifiable level.

### 38.3 Country and transfer risk

*Country risk* is the risk determined by the eventual negative impact of economic, social and political conditions and events in a foreign country on the Group's activity.

*Transfer risk* is the risk that it will be impossible for a foreign entity to convert certain financial liabilities in the necessary currency to settle the payment due to the deficiency of the respective currency as a result of restrictions imposed in that country.

The country risk management system within the Group provides for the application and improvement of the internal model for evaluation and assessing of the risk category established for the country, on the basis of the analysis of complex factors, including the international rating assigned by the international rating agencies stipulated in the internal normative acts. Based on them the risk categories and the exposure limits of the bank toward each country are established. The review and adjustment of the approved limits is done periodically, but not less than once a year.

Group's country exposure as at 31 December:

| Country risk category | 2016             |            | 2015             |            |
|-----------------------|------------------|------------|------------------|------------|
|                       | MDL'000          | %          | MDL'000          | %          |
| I                     | 2,122,270        | 92.43      | 2,262,419        | 93.22      |
| II                    | 153,286          | 6.68       | 25               | 0.00       |
| III                   | 17,938           | 6.68       | 164,208          | 6.77       |
| IV                    | 2,139            | 0.09       | 267              | 0.01       |
| <b>Total</b>          | <b>2,295,633</b> | <b>100</b> | <b>2,426,919</b> | <b>100</b> |

Category I includes countries with international rating AAA-AA, category II: A-BBB, category III: BB-B, category IV: less than B.

In respect to the macroeconomic and country and transfer risk can be mentioned the following: weak economic activity in Eurozone countries, uncertainties regarding the impact on European economies of the pro-Brexit vote in the referendum held in the end of June 2016, the continued recession in Russia and timeliness of the geopolitical Russian-Ukrainian conflict, with maintaining of international sanctions.

However, the Group considers as acceptable the level of country risk, given that most of the financial resources exposed to country risk relate to States with a high solvency, and namely I risk category - 92.43%.

The Group periodically assesses the credit quality of its exposure to country risk and performs various stress scenarios based on the severity of the assumed circumstances, estimating the size of potential losses if the conditions will occur and the impact on the Group's capital. Developments in the global and regional economy and trends and their forecasts are continuously analysed, in order to react promptly and effectively to minimize risks.

### 38.4 Market risk

Market risk represents the risk of registering financial losses and /or the worsening of the financial position of the Group, as a result of the unfavourable fluctuations in the price of the Group's portfolio, determined by the changes in the risk factors such as: interest, exchange rates, volatility, etc.

The Group identifies itself as being exposed to the linear market risk, respectively to the risks that arise in the case of open positions, which changes linearly or with a linear admissible approximation to the change in the risk factors.

The most important market risks that the Group is exposed to are interest rate and currency risks.

Market risk management is aimed at monitoring and maintaining the exposure of the financial instruments in the portfolio within the set parameters while optimizing the return on those investments.

### 38.4.1 Currency risk

Currency risk is the risk of potential losses due to exchange rate changes (price) of the respective currency on exchange market.

The Group manages the exchange rate risk through its prudent management of the open currency positions, the management and monitoring process being based on VAR methodology, the internal system of indicators and limits applied, maintenance of a balanced structure of assets and liabilities in foreign currency, applying stress scenarios to exchange rate developments and analysis of the impact on earnings and capital.

In order to estimate the market risk derived from changes in exchange rates of foreign exchange to the Moldovan Leu, the Bank uses the VAR method with a confidence interval of 95%, calculated on the basis of information on daily fluctuations of exchange rates, recorded during a two year period of observation.

#### VAR index

|             | VAR limit    | Effectively as at<br>31 December | Daily average | Maximum      | Minimum   |
|-------------|--------------|----------------------------------|---------------|--------------|-----------|
| <b>2016</b> | <b>2,200</b> | <b>334</b>                       | <b>533</b>    | <b>1,912</b> | <b>48</b> |
| 2015        | 1,500        | 468                              | 487           | 1,500        | 30        |

To ensure effective monitoring of the currency risk and increase the Group's protection against possible adverse developments in the risk factors, the Group analyses the sensitivity of its opened currency positions to the volatility of the exchange rates.

The table below reflects the potential effect (on account of profit/loss) from daily change of foreign exchange rates that Group mainly operates with and therewith significant exposure (given the size of balance sheet assets and foreign exchange liabilities): EUR, USD and RUB in relation to MDL.

The stress analysis is applied to open currency positions for each of the three currencies listed at 31 December 2016, given reasonable daily deviation increase/decrease in exchange rates of foreign currencies against the national currency.

The amount of open currency positions includes the balances of balance sheet and off-balance sheet assets and liabilities in foreign currency. Negative amount, possibly obtained under scenario reflects a potential net reduction in foreign currency differences gains, net, while a positive amount reflects a possible increase in the foreign currency differences gains, net:

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| Open currency position        | Nominal value | FX rate | Possible daily rate increase | Income/ (loss) effect | Possible daily rate decrease | Income/ (loss) effect |
|-------------------------------|---------------|---------|------------------------------|-----------------------|------------------------------|-----------------------|
|                               | MDL'000       |         | %                            | MDL'000               | %                            | MDL'000               |
| <b>As at 31 December 2016</b> |               |         |                              |                       |                              |                       |
| EUR                           | (97,591)      | 20.8895 | 15.00                        | (14,639)              | (10.00)                      | 9,759                 |
| USD                           | 31,506        | 19.9814 | 15.00                        | 4,726                 | (15.00)                      | (4,726)               |
| RUB                           | (5,920)       | 0.3315  | 25.00                        | <b>(1,480)</b>        | (25.00)                      | <b>1,480</b>          |
| <b>Total</b>                  |               |         |                              | <b>(11,393)</b>       |                              | <b>6,513</b>          |

| Open currency position        | Nominal value | FX rate | Possible daily rate increase | Income/ (loss) effect | Possible daily rate decrease | Income/ (loss) effect |
|-------------------------------|---------------|---------|------------------------------|-----------------------|------------------------------|-----------------------|
|                               | MDL'000       |         | %                            | MDL'000               | %                            | MDL'000               |
| <b>As at 31 December 2015</b> |               |         |                              |                       |                              |                       |
| EUR                           | (59,274)      | 21.4779 | +10.00                       | (5,927)               | (8.00)                       | 4,742                 |
| USD                           | (31,289)      | 19.6585 | +10.00                       | (3,129)               | (8.00)                       | 2,503                 |
| RUB                           | 8,313         | 0.2692  | +15.00                       | <b>1,247</b>          | (25.00)                      | <b>(2,078)</b>        |
| <b>Total</b>                  |               |         |                              | <b>(7,809)</b>        |                              | <b>5,167</b>          |

The nominal value of open foreign exchange position is calculated according to the provisions of the NBM and includes the assets and financial liabilities and the conditional commitments as at 31 December 2016 and 31 December 2015.

See Note 39 for the structure of Group's assets and liabilities per currencies.

### 38.4.2 Interest rate risk

Interest rate risk is the risk of loss resulting from changes in interest rates, which can influence the future cash flows or market value of financial instruments.

The Group's net interest income represents a significant part of the Group's income, thereby increasing its capital and ensuring that the Group's business model succeeds. In this context, the Group pays the corresponding importance to the management of the interest rate risk.

The Group applies the GAP analysis method to assess the impact of the market fluctuation of interest rate on the net interest margin, and hence on the net interest income. The Group's interest rate position is assessed by establishing the gap related to assets and liabilities through the GAP method.

The Group registers a positive GAP value between assets and liabilities sensible to interest rate, which indicates a greater sensitivity of assets to the interest rate fluctuations and that in the event of interest rates increase, i.e. a decrease in net margin when interest rates fall.

The bank determines an optimal value (risk parameter) ratio of the size of GAP divided by the assets sensitive to interest rate (ASIR), and the ratio of the assets divided by the liabilities sensitive to interest rates, in order to assess and minimize the bank's exposure to interest rate risk, among other internal limits.

In order to estimate the level of interest rate risk, the Group takes into account the prognosis for standard developments and/or non-standard risk factors estimates by modelling scenarios of deviation of their level, which being applied to the amount of assets and liabilities interest rate gap indicates their sensitivity and the potential impact on net interest income.

The table below sets out the net interest income sensitivity to a potential modification of the interest rate for individual intervals.

**Sensitivity of net interest income, MDL'000**

| Increase in basis points | 1month | 1-3 months | 3-12 months | 1-5 years | Peste 5 years | Total |        |
|--------------------------|--------|------------|-------------|-----------|---------------|-------|--------|
| <b>2016</b>              | +100   | 17,818     | (2,351)     | 969       | (179)         | (20)  | 16,237 |
|                          | +50    | 8,909      | (1,175)     | 484       | (90)          | (10)  | 8,118  |
| <b>2015</b>              | +100   | 27,737     | (7,346)     | (4,068)   | 25            | 360   | 16,708 |
|                          | +50    | 13,868     | (3,673)     | (2,034)   | 13            | 180   | 8,354  |

**Sensitivity of net interest income, MDL'000**

| Decrease in basis points | 1month | 1-3 months | 3-12 months | 1-5 years | Peste 5 years | Total |          |
|--------------------------|--------|------------|-------------|-----------|---------------|-------|----------|
| <b>2016</b>              | -100   | (17,818)   | 2,351       | (969)     | 179           | 20    | (16,237) |
|                          | -50    | (8,909)    | 1,175       | (484)     | 90            | 10    | (8,118)  |
| <b>2015</b>              | -100   | (27,737)   | 7,346       | 4,068     | (25)          | (360) | (16,708) |
|                          | -50    | (13,868)   | 3,673       | 2,034     | (13)          | (180) | (8,354)  |

In 2016 the Group recorded an increase of interest bearing assets over the interest bearing liabilities as such ensuring the maximum net interest income in the local banking system. In annual terms, the interest rates decreased for the main portfolios as result of the gradual relaxation of monetary policy and the stabilization of the exchange rate of the national currency.

### 38.5 Liquidity risk

Liquidity risk represents the incapacity of the Group to ensure at any moment in time and at a reasonable price the necessary monetary funds in order to meet its obligations resulting from the outflow of deposits and other obligations or from an increase in the amount of the non-liquid assets (loans).

The Group's liquidity risk management system provides for managing liquidity in accordance with regulatory requirements, systematic monitoring and analysis of risk factors related to current and long-term liquidity, regular reporting on the level of exposure of the Group's liquidity risk, submission of recommendations and proposals, conducting stress tests to back up the projection of cash flows, and provides an assessment of the Group's liquidity situation.

Additionally to the requirements of the National Bank of Moldova related to liquidity risk, the Group established internal limits for minimum current and long-term liquidity ratio in order to efficiently manage and prevent liquidity deficit. The Group developed a range of indicators that allow analysing the dynamics of liquidity position. To ensure financial equilibrium in terms of maturities, the Group aims to maintain congruence between continuity and flexibility of attracting funds, by contracting liabilities with different maturity.

Given that liquidity risk involves not only deficit of the needed funds, but also the cost of obtaining them, the Group aims to ensure a diversified portfolio and a high quality of the assets, thus securing a sustainable and successful activity.

The table below sets out the remaining contractual cash flows until the maturity of the Group's non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2016:

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|   | On demand        | Less than 3 months | From 3 months to 1 year | From 1 to 5 years | Over 5 years  | Total             |
|---|------------------|--------------------|-------------------------|-------------------|---------------|-------------------|
| 31 December 2016                                | MDL'000          | MDL'000            | MDL'000                 | MDL'000           | MDL'000       | MDL'000           |
| <b>Financial liabilities</b>                    |                  |                    |                         |                   |               |                   |
| Due to banks                                    | 9,886            | 9,617              | 35,590                  | 43,113            | -             | 98,206            |
| Borrowings                                      | 71,326           | 12,110             | 214,782                 | 561,622           | 64,134        | 923,974           |
| Due to customers                                | 6,052,895        | 2,352,712          | 6,663,831               | 769,649           | 11,023        | 15,850,110        |
| Other financial liabilities                     | <b>226,459</b>   | -                  | -                       | -                 | -             | <b>226,459</b>    |
| <b>Total undiscounted financial liabilities</b> | 6,360,566        | 2,374,439          | 6,914,203               | 1,374,384         | 75,157        | 17,098,749        |
| Letters of credit                               | 624              | 5,664              | -                       | -                 | -             | 6,288             |
| Financial guarantees                            | 171,486          | 8,787              | 33,477                  | 31,837            | -             | 245,587           |
| Financing commitments                           | <b>15,348</b>    | <b>156,692</b>     | <b>296,092</b>          | <b>416,784</b>    | <b>14</b>     | <b>884,930</b>    |
| <b>Total</b>                                    | <b>6,548,024</b> | <b>2,545,582</b>   | <b>7,243,772</b>        | <b>1,823,005</b>  | <b>75,171</b> | <b>18,235,554</b> |

The table below sets out the remaining contractual cash flows until the maturity of the Group's non-derivative financial liabilities.. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2015:

|   | On demand        | Less than 3 months | From 3 months to 1 year | From 1 to 5 years | Over 5 years   | Total             |
|---|------------------|--------------------|-------------------------|-------------------|----------------|-------------------|
| 31 December 2015                                | MDL'000          | MDL'000            | MDL'000                 | MDL'000           | MDL'000        | MDL'000           |
| <b>Financial liabilities</b>                    |                  |                    |                         |                   |                |                   |
| Due to banks                                    | 40,318           | 23,039             | 88,242                  | 48,404            | 1,102          | 201,105           |
| Borrowings                                      | 69,743           | 6,782              | 228,036                 | 782,049           | 124,085        | 1,210,695         |
| Due to customers                                | 5,186,002        | 2,691,881          | 5,625,854               | 859,186           | 11,317         | 14,374,240        |
| Other financial liabilities                     | <b>96,327</b>    | -                  | -                       | -                 | -              | <b>96,327</b>     |
| <b>Total undiscounted financial liabilities</b> | 5,392,390        | 2,721,702          | 5,942,132               | 1,689,639         | 136,504        | 15,882,367        |
| Letters of credit                               | 4,585            | 5,134              | -                       | -                 | -              | 9,719             |
| Financial guarantees                            | 234,064          | -                  | -                       | -                 | -              | 234,064           |
| Financing commitments                           | <b>266,309</b>   | <b>69,319</b>      | <b>268,947</b>          | <b>243,696</b>    | -              | <b>848,271</b>    |
| <b>Total</b>                                    | <b>5,897,348</b> | <b>2,796,155</b>   | <b>6,211,079</b>        | <b>1,933,335</b>  | <b>136,504</b> | <b>16,974,421</b> |

### 38.6 Counterparty risk

The counterparty risk (partner banks) is the risk that certain financial assets and liabilities arising from transactions concluded on financial markets (currency, monetary and stock exchange) or during clearing and settlement operations are not met, which may cause losses for the Group.

The Group follows a prudent policy regarding the partnership with local and foreign banks. Largest share of completed operations, and means held in correspondent accounts is performed with strategic partners with long experience of working together

The management system of counterparty risk in the Group provides a mechanism for implementation and improvement of assessment and review of the solvency of partner banks based on an internal evaluation model

that involves the qualitative and quantitative analysis of the banks to establish certain exposure limits, with further structuring based on the type and term of the operations. The limits are revised and adjusted periodically.

To assess the solvency of partner banks, besides the internal qualitative and quantitative parameters, the Group takes into account the international lowest rating of partner bank assigned by the rating agencies: Standard & Poor's, Moody's and Fitch Ratings.

During the control of the counterparty risk management (partner banks), the Group provides clear procedures for current monitoring and post-factum control of compliance with the limits, the level Group's exposure to a particular partner bank or cumulatively per all banks, and the effectiveness of the monitoring and control system.

### 38.7 Credit risk

The credit risk is the current or future risk of a negative impact on the profits and capital as a result of a client's failure to meet its contractual obligations or of the deterioration of its financial performance and results.

The Group manages credit risk through:

- Set the level of empowerment for the transaction approval based on the credit risk size;
- Diversification of the loan portfolio;
- Setting general limits on risk concentration for segments of clients, currencies, types of activities, maturity dates, products and their permanent management;
- Compliance with the limits established by the National Bank of Moldova and by other international financial institutions — Group creditors, compliance with the internal indicators established by the Group, set up and monitoring of annual limits for the credit risk exposure on loans granted to corporate clients
- Creation of the credit risk management structure and decision-making system, detailed analysis of each credit transaction by the Corporate Clients Department or the Bank's branch/DOCCB;
- Developing a complex and systemic approach for risks assessment and management;
- Monthly analysis of loan portfolio quality, quarterly classification of credits in accordance with the Regulation of the National Bank of Moldova "On the classification of assets and contingent liabilities, setting up allowances for loan losses and provisions for contingent liabilities".
- Continuous monitoring of client's business progress, it's solvency, compliance with the terms of agreements, throughout the entire lending period;
- Assessment of the loan portfolio impairment (specific and collective) and of other assets that are not loans and recognition of impairment losses whether objective impairment evidence is obtained;
- Developing of stress test practice in order to assess the Bank's ability to resist exogenous shocks and development of plan for Bank's recovery in such situations;
- Continuous monitoring of clients position for the purpose of determining the clients' possibility and ability to continue to honour their credit commitments, early detection of signs of alert, which may negatively impact the clients' ability to honour appropriately commitments assumed by them and take appropriate actions in order to protect the Bank from probable losses;
- Evaluation of collateral sufficiency, probable cash flows and insurance, appropriate and suitable reaction on adverse fluctuations in the client's activity, quarterly classification of clients depending on their financial position, application of interest rates on loans according to the client's category and risk degree.

The table below shows the maximum exposure to credit risk of the Group's elements from the financial position and off-balance sheet items. The table also discloses the financial effect of the fair value of total collateral held per types.

Exposures not covered by collateral include National Bank of Moldova accounts, foreign bank accounts rated between BBB and A according to international rating agencies, certificates issued by the National Bank of Moldova, state securities issued by the Ministry of Finance of the Republic of Moldova, as well as lending products for individuals and enterprises within the Program for Products without Collateral.

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| 31 December 2016                  | Valoarea justă a gajului        |                  |                  |                |                 |                          |                           |
|-----------------------------------|---------------------------------|------------------|------------------|----------------|-----------------|--------------------------|---------------------------|
|                                   | Maximum exposure to credit risk | Immovable assets | Movable assets   | Securities     | Bank guarantees | Cash in deposit accounts | Total value of collateral |
|                                   | MDL'000                         | MDL'000          | MDL'000          | MDL'000        | MDL'000         | MDL'000                  | MDL'000                   |
| Balances with National Bank       | 4,010,766                       | -                | -                | -              | -               | -                        | -                         |
| Due from banks                    | 2,125,086                       | -                | -                | -              | -               | -                        | -                         |
| <b>Loans and receivables</b>      |                                 |                  |                  |                |                 |                          |                           |
| Corporate                         | 5,714,486                       | 4,431,082        | 5,636,569        | 320,518        | -               | 22,105                   | 10,410,274                |
| Retail, legal entities            | 1,786,815                       | 2,128,935        | 1,476,269        | -              | 22,056          | 79,183                   | 3,706,443                 |
| Retail, individuals               | 2,151,115                       | 2,494,424        | 12,882           | -              | -               | 2,949                    | 2,510,255                 |
| <b>Total loans</b>                | <b>9,652,416</b>                | <b>9,054,441</b> | <b>7,125,720</b> | <b>320,518</b> | <b>22,056</b>   | <b>104,237</b>           | <b>16,626,972</b>         |
| Lease receivables                 | 172,518                         | 37,472           | 218,687          | -              | -               | -                        | 256,159                   |
| Financial assets held to maturity | 2,104,017                       | -                | -                | -              | -               | -                        | -                         |
| Other financial assets            | 137,562                         | -                | -                | -              | -               | -                        | -                         |
| <b>Commitments</b>                |                                 |                  |                  |                |                 |                          |                           |
| Letters of credit                 | 6,288                           | -                | -                | -              | -               | -                        | -                         |
| Guarantees                        | 245,587                         | 174,554          | 340,758          | -              | 4,507           | 34,303                   | 554,122                   |
| Financing commitments             | 681,399                         | 392,003          | 602,137          | 25,956         | 1,400           | 12,559                   | 1,034,055                 |
|                                   | 933,274                         | 566,557          | 942,895          | 25,956         | 5,907           | 46,862                   | 1,588,177                 |
| <b>Total</b>                      | <b>19,135,639</b>               | <b>9,658,470</b> | <b>8,287,302</b> | <b>346,474</b> | <b>27,963</b>   | <b>151,099</b>           | <b>18,471,308</b>         |

| 31 December 2015                  | Valoarea justă a gajului        |                  |                  |                |                 |                          |                           |
|-----------------------------------|---------------------------------|------------------|------------------|----------------|-----------------|--------------------------|---------------------------|
|                                   | Maximum exposure to credit risk | Immovable assets | Movable assets   | Securities     | Bank guarantees | Cash in deposit accounts | Total value of collateral |
|                                   | MDL'000                         | MDL'000          | MDL'000          | MDL'000        | MDL'000         | MDL'000                  | MDL'000                   |
| Balances with National Bank       | 3,525,126                       | -                | -                | -              | -               | -                        | -                         |
| Due from banks                    | 2,261,334                       | -                | -                | -              | -               | -                        | -                         |
| Financial assets held for trading | 36,576                          | -                | -                | -              | -               | -                        | -                         |
| <b>Loans and receivables</b>      |                                 |                  |                  |                |                 |                          |                           |
| Corporate                         | 6,380,711                       | 4,655,489        | 5,413,454        | 137,756        | -               | 28,947                   | 10,235,646                |
| Retail, legal entities            | 1,832,190                       | 2,121,564        | 1,515,423        | -              | 31,308          | 32,335                   | 3,700,630                 |
| Retail, individuals               | 2,116,158                       | 2,553,574        | 12,019           | -              | -               | 6,062                    | 2,571,655                 |
| <b>Total loans</b>                | <b>10,329,059</b>               | <b>9,330,627</b> | <b>6,940,896</b> | <b>137,756</b> | <b>31,308</b>   | <b>67,344</b>            | <b>16,507,931</b>         |
| Lease receivables                 | 263,934                         | 49,718           | 327,293          | -              | -               | -                        | 377,011                   |
| Financial assets held to maturity | 688,879                         | -                | -                | -              | -               | -                        | -                         |
| Other financial assets            | 75,393                          | -                | -                | -              | -               | -                        | -                         |
| <b>Commitments</b>                |                                 |                  |                  |                |                 |                          |                           |
| Letters of credit                 | 9,719                           | -                | -                | -              | -               | -                        | -                         |
| Guarantees                        | 234,064                         | 145,222          | 147,547          | -              | 2,000           | 10,077                   | 304,846                   |
| Financing commitments             | 848,271                         | 316,495          | 912,841          | 14,085         | 282             | 32,537                   | 1,276,240                 |
|                                   | 1,092,054                       | 461,717          | 1,060,388        | 14,085         | 2,282           | 42,614                   | 1,581,086                 |
| <b>Total</b>                      | <b>18,272,355</b>               | <b>9,842,062</b> | <b>8,328,577</b> | <b>151,841</b> | <b>33,590</b>   | <b>109,958</b>           | <b>18,466,028</b>         |

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**The financial effect of collateral**

The financial effect of the collateral is presented as its disclosure of the value, separately for (i) the assets for which the collateral is equal or greater than the carrying of the asset (over-collateralised) and (ii) the assets for which the collateral is less than the carrying value of the asset (under-collateralised). "Over-collateralised assets" do not include the assets secured only by surety, third party collateral and cash flows, including cash claims and receivables.

The carrying value of the under-collateralized assets, granted to corporate customers secured only by cash receivables constitutes MDL'000 189,049 (31 December 2015: MDL'000 233,530).

Therefore, the share of loans granted without collateral in accordance with original contractual conditions and those stipulated in loan products represents 60.80%.

The financial effect of the collateral at 31 December 2016 and 31 December 2015 is presented below:

|                         | Over-collateralized assets |                          | Under-collateralized assets |                          |
|-------------------------|----------------------------|--------------------------|-----------------------------|--------------------------|
|                         | Carrying value of assets   | Carrying value of assets | Carrying value of assets    | Carrying value of assets |
| <b>31 December 2016</b> |                            |                          |                             |                          |
| Corporate customers     | 5,153,854                  | 10,320,123               | 560,632                     | 90,151                   |
| Retail, legal entities  | 1,668,430                  | 3,664,785                | 118,385                     | 41,658                   |
| Individuals             | 1,185,812                  | 2,508,681                | 965,303                     | 1,574                    |
| <b>Total</b>            | <b>8,008,096</b>           | <b>16,493,589</b>        | <b>1,644,320</b>            | <b>133,383</b>           |
| <b>31 December 2015</b> |                            |                          |                             |                          |
| Corporate customers     | 5,938,727                  | 10,103,111               | 441,984                     | 132,534                  |
| Retail, legal entities  | 1,609,495                  | 3,586,194                | 222,695                     | 114,436                  |
| Individuals             | 1,216,962                  | 2,565,227                | 899,196                     | 6,429                    |
| <b>Total</b>            | <b>8,765,184</b>           | <b>16,254,532</b>        | <b>1,563,875</b>            | <b>253,399</b>           |

The financial effect of collateral for finance lease receivables is presented by disclosing leased objects values separately for (i) those assets where leased objects and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where leased objects and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The financial effect of the collateral at 31 December 2016 for lease receivables:

|  | Over-collateralized assets |                          | Under-collateralized assets |                          |
|--|----------------------------|--------------------------|-----------------------------|--------------------------|
|  | Carrying value of assets   | Carrying value of assets | Carrying value of assets    | Carrying value of assets |
| <b>31 December 2016</b>                      |                            |                          |                             |                          |
| Lease receivables from individuals           | 73,736                     | 123,381                  | 2,648                       | 2,222                    |
| <b>Lease receivables from legal entities</b> | <b>145,458</b>             | <b>256,159</b>           | <b>27,060</b>               | <b>19,263</b>            |
| <b>31 December 2015</b>                      |                            |                          |                             |                          |
| Lease receivables from individuals           | 108,555                    | 168,667                  | 5,378                       | 4,885                    |
| <b>Lease receivables from legal entities</b> | <b>121,820</b>             | <b>208,345</b>           | <b>28,180</b>               | <b>22,637</b>            |
| <b>Total</b>                                 | <b>230,375</b>             | <b>377,012</b>           | <b>33,558</b>               | <b>27,522</b>            |

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As at 31 December 2016 loans granted to 20 major customers (groups of clients) of the Group amounted to MDL'000 3,366,712 representing 31.91 % of the total Group's gross loan portfolio (2015: MDL'000 3,361,069 or 30.59%).

These customers are analysed by industry as follows:

|   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
|   | <b>MDL'000</b>    | <b>MDL'000</b>    |
| Winery  | 442,124           | 506,738           |
| Non-food industry   | 554,501           | 573,995           |
| Sunflower oil production  | 193,968           | 204,298           |
| Trade   | 840,485           | 635,350           |
| Food processing   | 389,404           | 261,679           |
| Car dealers   | 134,985           | 161,695           |
| Agriculture   | 312,774           | 295,970           |
| Consumer loans  | 3,324             | 3,211             |
| Transport   | 169,090           | 192,444           |
| Postal services/telecommunications                                  | 169,875           | 253,538           |
| Utilities (electricity, electrical and thermal storage, gas, water) | 156,182           | 146,937           |
| Others  | -                 | 125,214           |
|   | <b>3,366,712</b>  | <b>3,361,069</b>  |

For significant credit risk concentration at the industry level please refer to Note 8.

### 38.8 Taxation risk

The Group is committed to ensure a sustainable management of taxation risk by building and maintaining a transparent, effective and efficient tax function within the Group. The Group strictly respects and applies the tax legislation in force for all fees and taxes.

Considering the fact that the fiscal legislation is in permanent dynamics, by including of new amendments and tax rules, the Group analyses them thoroughly and seeks to anticipate early possible interpretations and the impact of each changes on financial and tax results.

In this connection, the Group requests for written explanations on the interpretative provisions of the legislation from Tax authorities, to ensure against tax risks.

Tax liabilities of the Group are open to tax inspection for a period of four years.

### 38.9 Operational risk

Operational risk is the risk of direct or indirect loss from a diverse range of causes associated with the process, staff, technologies and infrastructure of the Group, and external factors other than credit risk, market or liquidity risk, such as legislative or regulatory requirements and the accepted standards for corporate governance. Operational risks arise from all activities of the Group and are related to all business units.

The objective of the Group is to ensure operational risk management and to avoid financial losses that could damage the reputation of the Group, in accordance with cost-efficiency principles and procedure avoidance discouraging the initiative and creativity.

The primary responsibility for developing and implementing controls to reduce the operational risks are assigned to the executive management of each business unit. This responsibility is based on the development of general standards of the Group aimed in operational risk in the following areas:

- appropriate requirements for segregation of responsibilities, including independent authorization of transactions;
- requirements for reconciliation and monitoring of transactions;

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- compliance with laws and regulations;
- documentation of controls and procedures;
- requirements for periodic re-evaluation of operational risks, and the adequacy of controls and procedures for addressing the identified risks;
- reporting requirements of operational losses and proposed remedial actions;
- development of contingent plans;
- professional development of staff;
- ethical and business standards;
- risk reduction, including through insurance, when it is efficient.

### 39 STATEMENT OF FINANCIAL POSITION STRUCTURE BY CURRENCY

|                                     | 31 December 2016  |                   |                  |                  |               |
|-------------------------------------|-------------------|-------------------|------------------|------------------|---------------|
|                                     | Total             | MDL               | USD              | EUR              | Other         |
|                                     | MDL'000           | MDL'000           | MDL'000          | MDL'000          | MDL'000       |
| <b>ASSETS</b>                       |                   |                   |                  |                  |               |
| Cash on hand                        | 465,420           | 275,738           | 47,702           | 101,742          | 40,238        |
| Balances with NBM                   | 4,010,766         | 3,069,657         | 305,110          | 635,999          | -             |
| Due from banks                      | 2,125,086         | 520               | 764,801          | 1,341,756        | 18,009        |
| Loans and advances to customers     | 9,652,416         | 5,343,001         | 1,272,126        | 3,037,289        | -             |
| Lease receivables                   | 172,518           | 36,924            | -                | 135,594          | -             |
| Financial assets available for sale | 174,095           | 174,095           | -                | -                | -             |
| Financial assets held to maturity   | 2,104,017         | 2,104,017         | -                | -                | -             |
| Non-current assets held for sale    | 24,005            | 24,005            | -                | -                | -             |
| Property and equipment              | 825,794           | 825,794           | -                | -                | -             |
| Investment property                 | 78,991            | 78,991            | -                | -                | -             |
| Intangible assets                   | 68,510            | 68,510            | -                | -                | -             |
| Other assets                        | <b>163,458</b>    | <b>110,391</b>    | <b>31,957</b>    | <b>19,387</b>    | <b>1,723</b>  |
| <b>Total assets</b>                 | <b>19,865,076</b> | <b>12,111,643</b> | <b>2,421,696</b> | <b>5,271,767</b> | <b>59,970</b> |
| <b>LIABILITIES</b>                  |                   |                   |                  |                  |               |
| Due to banks                        | 95,658            | 4,598             | -                | 91,060           | -             |
| Borrowings                          | 848,088           | 461,531           | 75,648           | 310,909          | -             |
| Due to customers                    | 15,412,375        | 8,115,292         | 2,312,421        | 4,954,836        | 29,826        |
| Deferred tax liabilities            | 35,067            | 35,067            | -                | -                | -             |
| Current tax liability               | 6,232             | 6,232             | -                | -                | -             |
| Other liabilities                   | <b>205,316</b>    | <b>155,199</b>    | <b>24,548</b>    | <b>25,087</b>    | <b>482</b>    |
| <b>Total liabilities</b>            | <b>16,602,736</b> | <b>8,777,919</b>  | <b>2,412,617</b> | <b>5,381,892</b> | <b>30,308</b> |
| <b>GAP</b>                          | <b>3,262,340</b>  | <b>3,333,724</b>  | <b>9,079</b>     | <b>(110,125)</b> | <b>29,662</b> |

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|                                     | 31 December 2015  |                   |                  |                  |               |
|-------------------------------------|-------------------|-------------------|------------------|------------------|---------------|
|                                     | Total             | MDL               | USD              | EUR              | Other         |
|                                     | MDL'000           | MDL'000           | MDL'000          | MDL'000          | MDL'000       |
| <b>ASSETS</b>                       |                   |                   |                  |                  |               |
| Cash on hand                        | 515,578           | 276,857           | 39,261           | 161,422          | 38,038        |
| Balances with NBM                   | 3,525,126         | 2,516,802         | 327,773          | 680,551          | -             |
| Due from banks                      | 2,261,334         | 147               | 448,836          | 1,800,265        | 12,086        |
| Financial assets held for trading   | 36,576            | 36,576            | -                | -                | -             |
| Loans and advances to customers     | 10,329,059        | 6,037,969         | 1,751,443        | 2,539,647        | -             |
| Lease receivables                   | 263,934           | 42,236            | -                | 221,698          | -             |
| Financial assets available for sale | 153,769           | 153,769           | -                | -                | -             |
| Financial assets held to maturity   | 688,879           | 688,879           | -                | -                | -             |
| Non-current assets held for sale    | 24,093            | 24,093            | -                | -                | -             |
| Property and equipment              | 411,458           | 411,458           | -                | -                | -             |
| Investment property                 | 75,149            | 75,149            | -                | -                | -             |
| Intangible assets                   | 62,708            | 62,708            | -                | -                | -             |
| Other assets                        | 101,709           | 42,990            | 24,924           | 32,348           | 1,447         |
| <b>Total assets</b>                 | <b>18,449,372</b> | <b>10,369,633</b> | <b>2,592,237</b> | <b>5,435,931</b> | <b>51,571</b> |
| <b>LIABILITIES</b>                  |                   |                   |                  |                  |               |
| Due to banks                        | 183,931           | 1,499             | 8,803            | 173,629          | -             |
| Borrowings                          | 1,114,606         | 627,672           | 119,202          | 367,732          | -             |
| Due to customers                    | 14,044,541        | 6,569,869         | 2,490,171        | 4,953,778        | 30,723        |
| Deferred tax liabilities            | 24,926            | 24,926            | -                | -                | -             |
| Current tax liability               | 8,535             | 8,535             | -                | -                | -             |
| Other liabilities                   | 113,554           | 60,238            | 25,484           | 26,931           | 901           |
| <b>Total liabilities</b>            | <b>15,490,093</b> | <b>7,292,739</b>  | <b>2,643,660</b> | <b>5,522,070</b> | <b>31,624</b> |
| <b>GAP</b>                          | <b>2,959,279</b>  | <b>3,076,894</b>  | <b>(51,423)</b>  | <b>(86,139)</b>  | <b>19,947</b> |

#### 40 MATURITY STRUCTURE

| 31 December 2016                       | Total             | Less than<br>1 year | More than<br>1 year |
|--|-------------------|---------------------|---------------------|
|  | MDL'000           | MDL'000             | MDL'000             |
| <b>Assets</b>                          |                   |                     |                     |
| Cash on hand                           | 465,420           | 465,420             | -                   |
| Balances with National Bank of Moldova | 4,010,766         | 4,010,766           | -                   |
| Due from banks                         | 2,125,086         | 2,125,086           | -                   |
| Loans and advances to customers        | 9,652,416         | 4,400,725           | 5,251,691           |
| Lease receivables                      | 172,518           | 109,854             | 62,664              |
| Financial assets available for sale    | 174,095           | 12,170              | 161,925             |
| Financial assets held to maturity      | 2,104,017         | 2,067,132           | 36,885              |
| Non-current assets held for sale       | 24,005            | -                   | 24,005              |
| Property and equipment                 | 825,794           | -                   | 825,794             |
| Investment property                    | 78,991            | -                   | 78,991              |
| Intangible assets                      | 68,510            | -                   | 68,510              |
| Other assets                           | <b>163,458</b>    | <b>163,458</b>      | -                   |
| <b>Total assets</b>                    | <b>19,865,076</b> | <b>13,354,611</b>   | <b>6,510,465</b>    |
| <b>Liabilities</b>                     |                   |                     |                     |
| Due to banks                           | 95,658            | 4,598               | 91,060              |
| Borrowings                             | 848,088           | 285,254             | 562,834             |
| Due to customers                       | 15,412,375        | 14,720,130          | 692,245             |
| Deferred tax liabilities               | 35,067            | -                   | 35,067              |
| Current tax liability                  | 6,232             | 6,232               | -                   |
| Other liabilities                      | <b>205,316</b>    | <b>137,098</b>      | <b>68,218</b>       |
| <b>TOTAL LIABILITIES</b>               | <b>16,602,736</b> | <b>15,153,312</b>   | <b>1,449,424</b>    |
| <b>MATURITY GAPS</b>                   | <b>3,262,340</b>  | <b>(1,798,701)</b>  | <b>3,262,340</b>    |

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| 31 December 2015                       | Total             | Less than<br>1 year | More than<br>1 year |
|--|-------------------|---------------------|---------------------|
|  | MDL'000           | MDL'000             | MDL'000             |
| <b>Assets</b>                          |                   |                     |                     |
| Cash on hand                           | 515,578           | 515,578             | -                   |
| Balances with National Bank of Moldova | 3,525,126         | 3,525,126           | -                   |
| Due from banks                         | 2,261,334         | 2,261,334           | -                   |
| Financial assets held for trading      | 36,576            | 36,576              | -                   |
| Loans and advances to customers        | 10,329,059        | 4,786,670           | 5,542,389           |
| Lease receivables                      | 263,934           | 123,944             | 139,990             |
| Financial assets available for sale    | 153,769           | -                   | 153,769             |
| Financial assets held to maturity      | 688,879           | 678,191             | 10,688              |
| Non-current assets held for sale       | 24,093            | -                   | 24,093              |
| Property and equipment                 | 411,458           | -                   | 411,458             |
| Investment property                    | 75,149            | -                   | 75,149              |
| Intangible assets                      | 62,708            | -                   | 62,708              |
| Other assets                           | <b>101,709</b>    | <b>101,709</b>      | -                   |
| <b>Total assets</b>                    | <b>18,449,372</b> | <b>12,029,128</b>   | <b>6,420,244</b>    |
| <b>Liabilities</b>                     |                   |                     |                     |
| Due to banks                           | 183,931           | 36,929              | 147,002             |
| Borrowings                             | 1,114,606         | 298,065             | 816,541             |
| Due to customers                       | 14,044,541        | 13,256,350          | 788,191             |
| Deferred tax liabilities               | 24,926            | -                   | 24,926              |
| Current tax liability                  | 8,535             | 8,535               | -                   |
| Other liabilities                      | <b>113,554</b>    | <b>113,554</b>      | -                   |
| <b>Total liabilities</b>               | <b>15,490,093</b> | <b>13,713,433</b>   | <b>1,776,660</b>    |
| <b>Maturity gaps</b>                   | <b>2,959,279</b>  | <b>(1,684,305)</b>  | <b>4,643,584</b>    |

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#### 41. INTEREST RATE RISK EXPOSURE

The table below set out the Group's exposure to interest rate risk based on the earlier of contractual maturity of its financial instruments or the next interest rate repricing date, if the instruments are subject to variable interest rates. Group's policy on interest rate risk management is to minimize exposure and continuously to adapt interest repricing dates and maturities for assets and liabilities.

| 31 December 2016                                | Total             | Less than 1 month | From 1 month to 3 months | From 3 months to 1 year | From 1 to 5 years | More than 5 years | Non-interest bearing items |
|---|-------------------|-------------------|--------------------------|-------------------------|-------------------|-------------------|----------------------------|
|   | MDL'000           | MDL'000           | MDL'000                  | MDL'000                 | MDL'000           | MDL'000           | MDL'000                    |
| <b>ASSETS</b>                                   |                   |                   |                          |                         |                   |                   |                            |
| Cash on hand                                    | 465,420           | -                 | -                        | -                       | -                 | -                 | 465,420                    |
| Balances with National Bank of Moldova          | 4,010,766         | 4,010,766         | -                        | -                       | -                 | -                 | -                          |
| Due from banks                                  | 2,125,086         | 2,125,086         | -                        | -                       | -                 | -                 | -                          |
| Loans and advances to customers (floating rate) | 9,563,161         | 9,401,272         | -                        | -                       | -                 | -                 | 161,889                    |
| Loans and advances to customers (fixed rate)    | 89,255            | -                 | 6,223                    | 83,032                  | -                 | -                 | -                          |
| Lease receivables                               | 172,518           | 43,957            | 10,129                   | 41,332                  | 62,664            | -                 | 14,436                     |
| Financial assets available for sale             | 174,095           | -                 | -                        | 12,170                  | -                 | -                 | 161,925                    |
| Financial assets held to maturity               | 2,104,017         | 1,546,792         | 196,177                  | 361,048                 | -                 | -                 | -                          |
| Non-current assets held for sale                | 24,005            | -                 | -                        | -                       | -                 | -                 | 24,005                     |
| Property and equipment                          | 825,794           | -                 | -                        | -                       | -                 | -                 | 825,794                    |
| Investment property                             | 78,991            | -                 | -                        | -                       | -                 | -                 | 78,991                     |
| Intangible assets                               | 68,510            | -                 | -                        | -                       | -                 | -                 | 68,510                     |
| Other assets                                    | <b>163,458</b>    | -                 | -                        | -                       | -                 | -                 | <b>163,458</b>             |
| <b>Total assets</b>                             | <b>19,865,076</b> | <b>17,127,873</b> | <b>212,529</b>           | <b>497,582</b>          | <b>62,664</b>     | <b>-</b>          | <b>1,964,428</b>           |
| <b>LIABILITIES</b>                              |                   |                   |                          |                         |                   |                   |                            |
| Due to bank                                     | 95,658            | 4,598             | -                        | 15,552                  | 75,508            | -                 | -                          |
| Borrowings                                      | 848,088           | 230,860           | 200,194                  | 376,977                 | -                 | -                 | 40,057                     |
| Due to customers (fixed rate)                   | 410,570           | 147,846           | 247,473                  | 8,178                   | 5,068             | 2,005             | -                          |
| Due to customers (floating rate)                | 15,001,805        | 14,962,686        | -                        | -                       | -                 | -                 | 39,119                     |
| Deferred tax liabilities                        | 35,067            | -                 | -                        | -                       | -                 | -                 | 35,067                     |
| Current tax liability                           | 6,232             | -                 | -                        | -                       | -                 | -                 | 6,232                      |
| Other liabilities                               | 205,316           | -                 | -                        | -                       | -                 | -                 | 205,316                    |
| <b>Total liabilities</b>                        | <b>16,602,736</b> | <b>15,345,990</b> | <b>447,667</b>           | <b>400,707</b>          | <b>80,576</b>     | <b>2,005</b>      | <b>325,791</b>             |
| <b>Interest gap</b>                             | <b>3,262,340</b>  | <b>1,781,883</b>  | <b>(235,138)</b>         | <b>96,875</b>           | <b>(17,912)</b>   | <b>(2,005)</b>    | <b>1,638,637</b>           |
| <b>Cumulative interest gap</b>                  |                   | <b>1,781,883</b>  | <b>1,546,745</b>         | <b>1,643,620</b>        | <b>1,625,708</b>  | <b>1,623,703</b>  | <b>3,262,340</b>           |

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| 31 December 2015                                | Total             | Mai puțin<br>de 1 lună | De la 1<br>lună până<br>3 luni | De la 3<br>luni până<br>la 1 an | De la 1 la<br>5 ani | Mai mult<br>de 5 ani | Articole<br>nepurtătoare<br>de dobândă |
|---|-------------------|------------------------|--------------------------------|---------------------------------|---------------------|----------------------|--|
|   | MDL'000           | MDL'000                | MDL'000                        | MDL'000                         | MDL'000             | MDL'000              | MDL'000                                |
| <b>ASSETS</b>                                   |                   |                        |                                |                                 |                     |                      |  |
| Cash on hand                                    | 515,578           | -                      | -                              | -                               | -                   | -                    | 515,578                                |
| Balances with National Bank of Moldova          | 3,525,126         | 3,525,126              | -                              | -                               | -                   | -                    | -                                      |
| Due from banks                                  | 2,261,334         | 2,261,334              | -                              | -                               | -                   | -                    | -                                      |
| Financial assets held for trading               | 36,576            | 5,083                  | 6,713                          | 24,780                          | -                   | -                    | -                                      |
| Loans and advances to customers (floating rate) | 10,235,958        | 10,059,476             | -                              | -                               | -                   | -                    | 176,482                                |
| Loans and advances to customers (fixed rate)    | 93,101            | 1,025                  | 1,013                          | 4,596                           | 46,193              | 40,274               | -                                      |
| Lease receivables                               | 263,934           | 40,983                 | 15,564                         | 67,397                          | 124,395             | 1,083                | 14,512                                 |
| Financial assets available for sale             | 153,769           | -                      | -                              | -                               | -                   | -                    | 153,769                                |
| Financial assets held to maturity               | 688,879           | 62,695                 | 270,344                        | 355,840                         | -                   | -                    | -                                      |
| Non-current assets held for sale                | 24,093            | -                      | -                              | -                               | -                   | -                    | 24,093                                 |
| Property and equipment                          | 411,458           | -                      | -                              | -                               | -                   | -                    | 411,458                                |
| Investment property                             | 75,149            | -                      | -                              | -                               | -                   | -                    | 75,149                                 |
| Intangible assets                               | 62,708            | -                      | -                              | -                               | -                   | -                    | 62,708                                 |
| Other assets                                    | <b>101,709</b>    | -                      | -                              | -                               | -                   | -                    | <b>101,709</b>                         |
| <b>Total assets</b>                             | <b>18,449,372</b> | <b>15,955,722</b>      | <b>293,634</b>                 | <b>452,613</b>                  | <b>170,588</b>      | <b>41,357</b>        | <b>1,535,458</b>                       |
| <b>LIABILITIES</b>                              |                   |                        |                                |                                 |                     |                      |  |
| Due to bank                                     | 183,931           | 8,803                  | -                              | 28,126                          | 147,002             | -                    | -                                      |
| Borrowings                                      | 1,114,606         | 322,006                | 244,616                        | 487,512                         | -                   | -                    | 60,472                                 |
| Due to customers (fixed rate)                   | 1,748,723         | 594,899                | 783,613                        | 343,820                         | 21,022              | 5,369                | -                                      |
| Due to customers (floating rate)                | 12,295,818        | 12,256,302             | -                              | -                               | -                   | -                    | 39,516                                 |
| Deferred tax liabilities                        | 24,926            | -                      | -                              | -                               | -                   | -                    | 24,926                                 |
| Current tax liability                           | 8,535             | -                      | -                              | -                               | -                   | -                    | 8,535                                  |
| Other liabilities                               | <b>113,554</b>    | -                      | -                              | -                               | -                   | -                    | <b>113,554</b>                         |
| <b>Total liabilities</b>                        | <b>15,490,093</b> | <b>13,182,010</b>      | <b>1,028,229</b>               | <b>859,458</b>                  | <b>168,024</b>      | <b>5,369</b>         | <b>247,003</b>                         |
| <b>Interest gap</b>                             | <b>2,959,279</b>  | <b>2,773,712</b>       | <b>(734,595)</b>               | <b>(406,845)</b>                | <b>2,564</b>        | <b>35,988</b>        | <b>1,288,455</b>                       |
| <b>Cumulative interest gap</b>                  |                   | <b>2,773,712</b>       | <b>2,039,117</b>               | <b>1,632,272</b>                | <b>1,634,836</b>    | <b>1,670,824</b>     | <b>2,959,279</b>                       |

The Group extends loans and accepts deposits bearing fixed rates as well as variable rates. Floating rate loans to customers and deposits from customers represent instruments in respect of which the Group has the right to change unilaterally the interest rate in line with the rates on the market. The Group has to give 15 day notice prior to the date when the change takes place. For interest gap disclosure purposes, loans and deposits bearing floating rates were considered to have a 15-day notice re-pricing period and were classified into the category "less than 1 month".

## 42. CONTINGENT LIABILITIES

At 31 December 2016 and 31 December 2015 the Group is the defendant in several lawsuits arising in the ordinary corporate activity. According to Management and the Legal Department of the Group, the loss probability is small and accordingly no provision has been made in these financial statements

## 43. EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date.